



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF STATE AUDIT
John G. Morgan, Comptroller
www.comptroller.state.tn.us

NEWS RELEASE

For Immediate Release: September 16, 2008

Audit Reveals Northeast Community Services Agency Lacked Control Over Administration of Scott County Probation Program

View Full Report: <http://www.comptroller1.state.tn.us/repository/SA/cs08058.pdf>

NASHVILLE, Tenn. – A financial and compliance audit of the Northeast Community Services Agency has revealed that the agency lacked control over the administration of the Scott County Probation Program. The audit was conducted by the Comptroller of the Treasury’s Division of State Audit and covered the period from February 1, 2007 to January 31, 2008.

A contract to administer the Scott County Probation Program was entered into in April 2006 by the former East Tennessee Community Services Agency, which merged with the Northeast Community Services Agency in January 2008. Several deficiencies relating to the contract were pointed out in the audit report. These deficiencies included poor accountability for cash receipts; unsupported and inaccurate program reports; risk of probation fees being stolen; and possible noncompliance with the contract to administer the Scott County Probation Program.

“The most significant risk discovered was the opportunity for probation fees to be stolen without anyone noticing,” according to Art Hayes, director of state audit. “There was no segregation of duties or other compensating controls, and the program coordinator handled all transactions. In addition, no independent reconciliation of fees collected to fees deposited was performed.”

Except for a visit in January 2008, the agency’s top management had not monitored or visited the Scott County location since the date of the initial contract in 2006. Furthermore, the program coordinator was solely responsible for telling Scott County how much to bill the agency each month. “While no fraud was discovered in this case, these practices increased the likelihood of fraud occurring without detection,” says Hayes.

MORE

NORTHEAST COMMUNITY SERVICES AGENCY AUDIT

Page 2 of 2

The Northeast Community Services Agency management concurred with the finding. Management's comments are also included in the full audit report, available on the Comptroller of the Treasury's website at: <http://www.comptroller1.state.tn.us/repository/SA/cs08058.pdf>

###

Contact:

Roxanna Pierce, Communications Officer, (615) 401-7806 roxanna.pierce@state.tn.us

The Comptroller of the Treasury's Division of State Audit conducts financial and compliance, waste and abuse, information system, and performance audits; conducts investigations; and performs special studies to provide the General Assembly, the governor, and the citizens of Tennessee with objective information about the state's financial condition and the performance of the state's many agencies and programs. The mission of the Office of the Tennessee Comptroller of the Treasury is to improve the quality of life for all Tennesseans by making government work better.

A toll-free hotline is provided for citizens to report fraud, waste, and abuse of government funds and property. If you observe an agency director or employee engaging in any activity which you consider to be illegal, improper, or wasteful, please call the fraud, waste, and abuse hotline at 1.800.232.5454.