



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

**DISTRICT PUBLIC DEFENDERS  
CONFERENCE**

**Financial and Compliance Audit Report**

September 2017

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**Justin P. Wilson, Comptroller**



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September 1, 2017

The Honorable Bill Haslam, Governor  
Members of the General Assembly  
Mr. Donna L. Hargrove, President  
Mr. Patrick G. Frogge, Executive Director

Ladies and Gentlemen:

Transmitted herewith is the audit of the District Public Defenders Conference for the period January 1, 2015, through December 31, 2016.

The review of internal control and compliance with laws and regulations resulted in no audit findings.

Sincerely,

A handwritten signature in cursive script that reads "Deborah V. Loveless".

Deborah V. Loveless, CPA  
Director

**Audit Report**  
**District Public Defenders Conference**  
**For the Period January 1, 2015, Through December 31, 2016**

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State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

## District Public Defenders Conference

For the Period January 1, 2015, Through December 31, 2016

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### Audit Scope

We have audited the District Public Defenders Conference for the period January 1, 2015, through December 31, 2016. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of payroll and personnel; cash receipts; expenditures and procurement cards; travel claims; equipment; district offices; contract payments; and pass-through appropriations. The audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Audit Findings

The audit report contains no findings.

**Audit Report**  
**District Public Defenders Conference**  
**For the Period January 1, 2015, Through December 31, 2016**

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**INTRODUCTION**

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**Post-Audit Authority**

This audit of the District Public Defenders Conference was conducted pursuant to Section 8-4-109, *Tennessee Code Annotated*, which authorizes the Comptroller of the Treasury to audit any books and records of any governmental entity that handles public funds when the Comptroller considers an audit to be necessary or appropriate.

**Background**

The District Public Defenders Conference (the conference), created as part of the judicial branch of the state government in 1989 under Title 8, Chapter 14, *Tennessee Code Annotated*, is a statewide system of elected public defenders. The district public defenders and their staff have the duty of fulfilling the state's obligation under the U.S. and Tennessee Constitutions to provide legal counsel and representation of individuals who face possible incarceration as a result of criminal prosecution. Each of the state's 31 judicial districts is served by an elected or (in the case of Shelby County) appointed district public defender and a combined staff of approximately 500 people.

The Office of the Executive Director of the District Public Defenders Conference was simultaneously created to coordinate the defense efforts of the various district public defenders and to oversee the conference's annual budget of approximately \$53 million, subject to the guidelines established by the conference members, and in compliance with section 8-14-303(a)(6), *Tennessee Code Annotated*. The executive director is selected by a vote of all 31 conference members.

The Office of the Executive Director is the central administrative support for the District Public Defenders Conference. The office distributes state appropriations to Shelby and Davidson Counties in quarterly installments pursuant to section 8-14-110, *Tennessee Code Annotated*. Prior to July 1, 1991, state appropriations to these two districts were dispersed by the Tennessee Supreme Court.

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## AUDIT SCOPE

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We have audited the District Public Defenders Conference for the period January 1, 2015, through December 31, 2016. Our audit scope included a review of internal control and compliance with laws and regulations in the areas of payroll and personnel; cash receipts; expenditures and procurement cards; travel claims; equipment; district offices; contract payments; and pass-through appropriations. The audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

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### **Payroll and Personnel**

The objectives of our review of the payroll and personnel controls and procedures in the District Public Defenders Conference were to determine if

- all districts have a written attendance and leave policy and a designated timekeeper;
- accrued leave reported to the Department of Finance and Administration (F&A) for inclusion in the long-term liability schedule reported in the notes to the *Comprehensive Annual Financial Report (CAFR)* agrees with conference records;
- employees had no negative leave balances at December 31, 2016; and
- part-time employees did not receive benefits to which they were not entitled.

To gain an understanding of the conference's procedures and controls over payroll and personnel, we interviewed key personnel and reviewed supporting documentation. In addition to obtaining from management copies of individual districts' leave and attendance policies, we obtained a list of timekeepers by district. We reviewed F&A instructions for reporting year-end accrued leave and compared the conference's records to amounts included in the documentation supporting the long-term liability schedule reported in the CAFR. We reviewed the districts' quarterly leave statements at December 31, 2016. We also grouped and summarized payroll transactions by employee ID to ensure that part-time employees did not receive benefits to which they were not entitled.

Based on our interviews, review of supporting documentation, and testwork performed, we concluded that

- all districts had a written policy concerning attendance and leave and a designated timekeeper;
- accrued leave reported to F&A for inclusion in the long-term liability schedule prepared for the CAFR agreed with conference records;
- no employees had negative leave balances at December 31, 2016; and
- part-time employees did not receive benefits to which they were not entitled.

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## Cash Receipts

The objectives of our review of cash receipts controls and procedures were to determine whether

- cash receipts were correctly recorded in Edison and agreed with the amount deposited;
- cash receipts were deposited in accordance with F&A Policy 25, “Deposit Practices Policy”; and
- cash receipts recorded in iNovah (the cashiering system) were reconciled with revenues recorded in Edison.

We interviewed key personnel, reviewed applicable laws and regulations, and reviewed supporting documentation to develop an understanding of the conference’s procedures and controls over cash receipts. We tested a nonstatistical sample<sup>1</sup> of 25 cash receipts during the period January 1, 2015, through December 31, 2016, to determine if cash receipts were correctly recorded in Edison, agreed with the amount deposited, and were deposited in accordance with F&A’s Policy 25. Additionally, we reviewed management’s reconciliations between cash receipts recorded in iNovah and revenues recorded in Edison.

Based on our reviews, interviews, and testwork performed, we verified that

- cash receipts were correctly recorded in Edison and agreed with the amount deposited;
- cash receipts were deposited in accordance with F&A Policy 25; and
- cash receipts recorded in iNovah were reconciled with revenues recorded in Edison.

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<sup>1</sup> For our sample design, we used nonstatistical audit sampling, which was the most appropriate and cost-effective method for concluding on our audit objectives. Based on our professional judgment, review of authoritative sampling guidance, and careful consideration of underlying statistical concepts, we believe that nonstatistical sampling provides sufficient appropriate audit evidence to support the conclusions in our report. This sample was selected in such a manner as to permit the results to be projected to the population from which the sample was drawn.

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## **Expenditures and Procurement Cards**

The objectives of our review of controls and procedures over expenditures and procurement cards were to determine if

- expenditures were adequately supported, properly approved, and correctly recorded;
- petty cash funds were authorized by F&A;
- petty cash replenishments were adequately supported and properly approved as required by the conference's policy;
- procurement card holders signed cardholder agreements; and
- procurement card holders did not exceed the assigned single-purchase limit.

We reviewed applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation. To determine whether the expenditures were adequately supported, properly approved, and correctly recorded, we tested a nonstatistical sample<sup>2</sup> of 25 expenditures (excluding payroll and travel) for the period January 1, 2015, through December 31, 2016. We also compared a list provided by management of petty cash funds held by individual districts in the conference to a list of approved bank and petty cash fund accounts provided by F&A, to ensure all funds were authorized. We obtained Edison queries and examined supporting documentation to verify that petty cash replenishments were adequately supported and properly approved as required by the conference's policy. In addition to obtaining a list of individuals possessing procurement cards from management and reviewing the signed cardholder agreements for each individual, we grouped Edison procurement card transactions by cardholder to determine if the assigned single-purchase limit was exceeded.

Based on our reviews, interviews, and testwork performed, we concluded that

- expenditures were adequately supported, properly approved, and correctly recorded;
- petty cash funds were authorized by F&A;
- petty cash replenishments were adequately supported and properly approved as required by the conference's policy;
- procurement card holders signed cardholder agreements; and
- procurement card holders did not exceed the assigned single-purchase limit.

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## **Travel Claims**

The objectives of our review of travel were to determine if travel reimbursements were in accordance with the State of Tennessee Comprehensive Travel Regulations.

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<sup>2</sup> See footnote 1.

We reviewed applicable laws and regulations, interviewed key personnel, and reviewed supporting documentation. To ascertain whether payments were made in accordance with travel regulations, we tested a nonstatistical sample<sup>3</sup> of 25 travel items plus 6 judgmentally selected items from January 1, 2015, to December 31, 2016.

Based on our reviews, interviews, and testwork performed, we concluded that travel payments were made in accordance with the State of Tennessee Comprehensive Travel Regulations.

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## **Equipment**

The objectives of our review of the equipment controls and procedures were to ascertain whether

- management followed the processes prescribed by F&A for the 2015 physical inventory, and
- equipment missing during the 2015 physical inventory was properly reported to the Comptroller's Office, as required by Section 8-19-501, *Tennessee Code Annotated*.

We discussed the conference's procedures and controls over equipment with key personnel; reviewed F&A's instructions regarding the 2015 physical inventory; and reviewed related records. For every item reported as missing to F&A, we reviewed supporting documentation to determine if the item had been properly reported to the Comptroller's Office.

Based on interviews, reviews, and testwork, we verified that

- management followed the processes prescribed by F&A for the 2015 physical inventory, and
- equipment missing during the 2015 physical inventory had been properly reported to the Comptroller's Office.

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## **District Offices**

As part of our fieldwork, we visited public defenders' offices in Maryville (District 5), Jacksboro (District 8), Clarksville (District 19), Franklin (District 21), Somerville (District 25), and Trenton (District 28). The objectives of our review of the controls and procedures at the district offices we visited were to determine if

- the district had a method to track and document approval of leave taken;
- employees on the district payroll existed;
- the districts had any unauthorized bank accounts; and
- equipment assigned to the districts could be located and was properly tagged.

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<sup>3</sup> See footnote 1.

To gain an understanding of the district offices' procedures to track and document approval of leave taken, we interviewed key personnel at each of the six district offices we visited. To determine if the employees existed, we interviewed and verified the identities of a nonstatistical sample<sup>4</sup> of 38 of 70 employees who received payroll for the period January 1, 2015, through December 31, 2016. We obtained from each public defender certifications that the district held no bank accounts. To determine whether equipment could be located and was properly tagged, we tested a nonstatistical sample<sup>5</sup> of 100 of 298 pieces of equipment assigned to the 6 district offices we visited.

Based on interviews, reviews, and testwork, we determined that

- the district had a method to track and document approval of leave taken;
- employees on the district payroll existed;
- the districts reported no unauthorized bank accounts; and
- equipment assigned to the districts could be located and was properly tagged.

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## **Contract Payments**

The objective of our review of contract payments made from January 1, 2015, through December 31, 2016, was to determine if the services provided were in accordance with terms and conditions of the contracts. We selected the six largest contracts, with \$177,316 in payments during the audit period, and reviewed supporting documentation for the service provided. Based on the testwork performed, the payments for the services provided were in accordance with the terms and conditions of the contracts.

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## **Pass-through Appropriations**

As noted in the Background section of the report, neither the executive director nor the conference staff have any administrative or fiscal control over the 20th or 30th judicial districts (Davidson and Shelby Counties); however, the conference is charged to quarterly distribute state appropriations to these counties pursuant to Sections 8-14-110, *Tennessee Code Annotated*.

The purpose of our review of the controls and procedures over the pass-through state appropriations was to determine if the conference's quarterly payments to Davidson and Shelby Counties were consistent with the amounts appropriated by the General Assembly. We examined all appropriations distributed quarterly by the conference to the public defender's offices in Davidson and Shelby Counties between January 1, 2015, and December 31, 2016.

Based on interviews, review of supporting documentation, and testwork performed, the conference's quarterly payments to Davidson and Shelby Counties were consistent with the amounts appropriated by the General Assembly during the audit period.

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<sup>4</sup> See footnote 1.

<sup>5</sup> See footnote 1.

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**APPENDICES**

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**District Public Defenders Conference  
Public Defenders by District  
As of December 31, 2016**

<b>JUDICIAL DISTRICT</b>	<b>PUBLIC DEFENDER</b>
1	Jeffery C. Kelly
2	Steve Wallace
3	Greg W. Eichelman
4	Edward C. Miller
5	Raymond M. Garner
6	Mark E. Stephens
7	Tom Marshall Jr.
8	Leif Ericson Jeffers
9	Kim R. Nelson
10	Charles R. Hughes Jr.
11	Steven E. Smith
12	Ben J. Harmon
13	Craig D. Fickling
14	John E. Nicoll
15	Corner L. Donnell
16	Gerald L. Melton
17	Donna L. Hargrove
18	David A. Doyle
19	Roger E. Nell
20	Dawn Deaner
21	Vanessa Pettigrew Bryan
22	Claudia S. Jack
23	William B. Lockert III
24	Guy T. Wilkinson <sup>6</sup>
25	Bo Burk
26	George M. Googe
27	Joseph P. Atnip
28	Tom W. Crider
29	James E. Lanier
30	Stephen C. Bush
31	John P. Partin

Source: Conference payroll records and District Public Defenders Conference management.

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<sup>6</sup> Guy T. Wilkinson retired on December 31, 2016, and was succeeded by Robert Gardner.

# Map of Judicial Districts

