

**Office of the Executive Secretary to the  
Tennessee District Attorneys General Conference**

**For the Years Ended  
June 30, 1997, and June 30, 1996**

**Arthur A. Hayes, Jr., CPA**

Director

**Charles K. Bridges, CPA**

Assistant Director

**Lea Ann Boucher, CPA**

Audit Manager

**Gerry C. Boaz, CPA**

In-Charge Auditor

**Tamara Yancy**

**Blayne Clements**

Staff Auditors

**Jane Russ**

Editor

March 31, 1999

The Honorable Don Sundquist, Governor  
and  
Members of the General Assembly  
State Capitol  
Nashville, Tennessee 37243  
and  
Mr. Al Schmutzer, Acting Executive Director  
Tennessee District Attorneys General Conference  
Suite 800, Capital Boulevard Building  
226 Capital Boulevard  
Nashville, Tennessee 37243

Ladies and Gentlemen:

We have conducted a financial and compliance audit of selected programs and activities of the Tennessee District Attorneys General Conference for the years ended June 30, 1997, and June 30, 1996.

We conducted our audit in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. These standards require that we obtain an understanding of management controls relevant to the audit and that we design the audit to provide reasonable assurance of the Conference's compliance with the provisions of laws, regulations, contracts, and grants significant to the audit. Management of the Tennessee District Attorneys General Conference is responsible for establishing and maintaining internal control and for complying with applicable laws and regulations.

Our audit disclosed certain findings which are detailed in the Objectives, Methodologies, and Conclusions section of this report. The Conference's administration has responded to the audit findings; we have included the responses following each finding. We will follow up the audit to examine the application of the procedures instituted because of the audit findings.

We have reported other less significant matters involving the Conference's internal controls and/or instances of noncompliance to the Tennessee District Attorneys General Conference's management in a separate letter.

Sincerely,

John G. Morgan  
Comptroller of the Treasury

JGM/rm  
98/079

State of Tennessee

# Audit Highlights

Comptroller of the Treasury

Division of State Audit

Financial and Compliance Audit  
**Tennessee District Attorneys General Conference**  
For the Years Ended June 30, 1997, and June 30, 1996

---

## AUDIT SCOPE

We have audited the Tennessee District Attorneys General Conference for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of revenues, expenditures, equipment, payroll and personnel, and individual district attorneys general's offices; compliance with the Financial Integrity Act; and utilization of the Department of Finance and Administration's STARS grant module to record the receipt and expenditure of federal funds. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

## AUDIT FINDINGS

### **Inadequate Controls Over Property and Equipment and Leased Office Space \***

The Conference does not have adequate controls over or accountability for property and equipment and leased office space. Many equipment items were not properly tagged, were not properly recorded on the Property of the State of Tennessee listing, and could not be located. During the audit period, equipment valued at \$32,773.71 was reported lost or stolen to the Comptroller of the Treasury. The Conference office does not have adequate procedures concerning office space the district attorneys general lease and does not maintain copies of all leases. In some cases, the Conference office and the district attorneys general have not entered into formal lease agreements for the office space currently leased (page 6).

### **District Attorneys General's Offices Not Maintaining Adequate Leave Records\***

The Conference office does not have sufficient documentation to support payments to employees of 11 of the 31 district attorneys general (35%) for annual, sick, compensatory, and terminal leave and cannot adequately report liabilities at fiscal year-end because the districts do not maintain adequate leave records. The following districts did not maintain adequate leave records: districts 1, 3, 9, 14 (attorneys), 15, 16, 17, 19, 24, 25, and 31 (page 8).

## ISSUES FOR LEGISLATIVE CONSIDERATION

### **Numerous Funding Sources of the District Attorneys General**

The various sources providing funding to the district attorneys general increase the risk that the same expense item could be submitted for reimbursement to more than one funding source, whether intentionally or as a result of errors. The officials responsible for approving payments at the state and the county level do not have a mechanism to determine what expenses have also been paid by another funding source. The General Assembly should determine if the various funding sources should continue to be maintained by various governments, with no mechanism to verify that only one source is a submitted a claim for reimbursement, or whether the Conference should be fiscal officer for all the district attorneys general's sources of funds (page12).

### **Salary Supplements for District Attorney General Employees and County Funding of District Offices**

Currently, the payment of salary supplements to district attorneys general and their staff is handled differently by the counties providing the supplements. Some counties pay the supplement directly to the employee through the county payroll, while others pay the supplement to the Conference office which pays the supplement to the employee through the state payroll system. The General Assembly should determine if it was its legislative intent for Fraud and Economic Crime funds and county appropriations to be used to supplement the salaries of individuals employed by certain district attorneys general's offices. If the salary supplements are considered appropriate, the General Assembly should then consider requiring all salary supplements for the district attorneys general and their staff to be remitted to the state and then paid through the state payroll system.

In addition, some counties subsidize the funding of the district attorneys general's offices by providing county employees to work in the district attorneys general's office, travel expenses of county and state employees, and office space, etc. The General Assembly should consider requiring any county funding of the district attorneys general's offices, except for office space provided in county-owned facilities, to be remitted to the state and then paid through the state system (page 12).

\* This finding is repeated from the prior audit.

---

---

"Audit Highlights" is a summary of the audit report. To obtain the complete audit report which contains all findings, recommendations, and management comments, please contact

Comptroller of the Treasury, Division of State Audit  
1500 James K. Polk Building, Nashville, TN 37243-0264  
(615) 741-3697

---

---

**Audit Report**  
**Tennessee District Attorneys General Conference**  
**For the Years Ended June 30, 1997, and June 30, 1996**

---

**TABLE OF CONTENTS**

---

	<u>Page</u>
<b>INTRODUCTION</b>	1
Post-Audit Authority	1
Background	1
<b>AUDIT SCOPE</b>	4
<b>OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS</b>	4
Revenue	4
Expenditures	4
Equipment	5
Finding 1. Controls over property and equipment and leased office space were inadequate	6
Payroll and Personnel	7
Finding 2. Eleven district attorneys general's offices do not maintain adequate leave records	8
Review of District Attorneys General's Offices	9
Department of Finance and Administration Policy 20, "Recording of Federal Grant Expenditures and Revenues"	10
<b>PRIOR AUDIT FINDINGS</b>	11
Resolved Audit Findings	11
Repeated Audit Findings	11
<b>ISSUES FOR LEGISLATIVE CONSIDERATION</b>	12
Numerous Funding Sources of the District Attorneys General	12
Salary Supplements for State District Attorney General Employees and County Funding of District Offices	12

---

**TABLE OF CONTENTS (CONT.)**

---

	<u>Page</u>
<b>OBSERVATIONS AND COMMENTS</b>	13
Title VI of the Civil Rights Act of 1964	13
Review of the District Attorneys General's Special Funds	13
<b>APPENDIX</b>	14
Divisions and Allotment Codes	14
District Attorneys General Funding Sources, June 30, 1997, and June 30, 1996	15
District Attorneys General Expenditures by Allotment and Division, June 30, 1997	15
District Attorneys General Expenditures by Allotment and Division, June 30, 1996	16

# **Tennessee District Attorneys General Conference For the Years Ended June 30, 1997, and June 30, 1996**

---

## **INTRODUCTION**

---

### **POST-AUDIT AUTHORITY**

This is the report on the financial and compliance audit of the Tennessee District Attorneys General Conference. The audit was conducted pursuant to Section 4-3-304, *Tennessee Code Annotated*, which authorizes the Department of Audit to “perform currently a post-audit of all accounts and other financial records of the state government, and of any department, institution, office, or agency thereof in accordance with generally accepted auditing standards and in accordance with such procedures as may be established by the comptroller.”

Section 8-4-109, *Tennessee Code Annotated*, 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**

As set forth in Section 8-7-307, *Tennessee Code Annotated*, the purpose of the Tennessee District Attorneys General Conference is “to assist in improving the administration of justice in Tennessee by coordinating the prospective efforts of the various district attorneys general and by performing the duties and exercising the powers herein conferred.”

The Office of Executive Director of the Tennessee District Attorneys General Conference serves as the central administrative office for Tennessee’s 31 district attorneys general who, although elected by the voters of their local districts, are state officials. The Office of Executive Director is responsible for budgeting, payroll, purchasing, personnel, and administration of state fiscal and accounting matters pertaining to the district attorneys general and their staffs.

The office is also responsible for maintaining liaison between the district attorneys general and other government agencies, including the courts, the General Assembly, the executive branch, and the Office of Attorney General and Reporter. Other duties include coordination of multidistrict prosecution; preparation of forms, manuals, and indexes; and development and implementation of training programs.

### **Title IV-D Child Support Funds**

Chapter 974, Public Acts of 1990, provides for the Office of the Executive Director of the Tennessee District Attorneys General Conference to serve as the fiscal officer for the receipt and disbursement of child support incentive funds (distributed under provisions of Section 36-5-107,

*Tennessee Code Annotated*) if the office of the district attorney general is the agency actually participating in the child support program.

#### Fraud and Economic Crimes Prosecution Funds

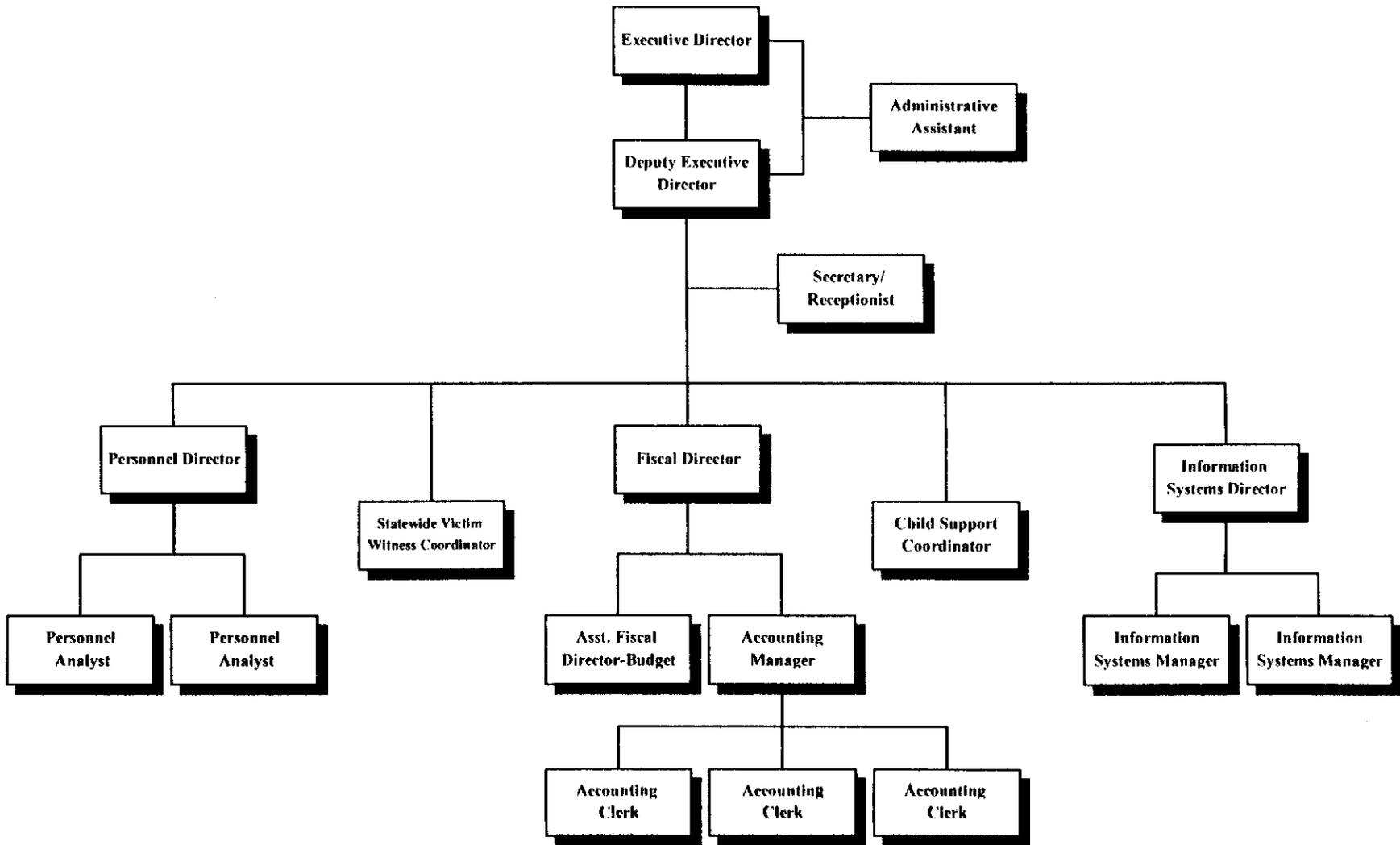
The Fraud and Economic Crimes Prosecution Act of 1984 provides that district attorneys general have “resources necessary to deal effectively with fraud and other economic crimes, and to provide a means of obtaining restitution in bad check cases prior to the institution of formal criminal charges.” Any fees assessed as a result of this law are collected by the court clerk. The clerk in each county is to deposit fees in an account with the county trustee in the county of the district attorney general’s residence. These funds are to be disbursed at the direction of the district attorneys general who are required to submit an annual report of Fraud and Economic Crime expenditures to the Comptroller of the Treasury.

#### Judicial District Drug Task Force Funds

As part of the Governor’s Alliance for a Drug Free Tennessee, multi-jurisdictional drug task forces were created by contracts (mutual aid agreements) between the participating city and county governments and approved by their legislative bodies. Each judicial district drug task force is to be governed by a board of directors, generally composed of sheriffs and police chiefs of participating law enforcement agencies within each judicial district. Drug task force funds are to be deposited with the county trustee in the county of each district attorney general’s residence or county designated by the district attorney general. The county trustee is to credit these funds to the Judicial District Drug Task Force Fund. All nonconfidential financial operations are to be expended through the Judicial District Drug Task Force Fund under the administration of the county executive or the appropriate county agency. The director of the drug task force is to submit requisitions to the county executive for goods and services which are to be obtained through the county’s purchasing system. Cash transactions for confidential funds are to be requisitioned and disbursed under the supervision of the drug task force director or chairman. During the audit period, the Tennessee District Attorneys General Conference was only responsible for the administration of task force funds in the Memphis (Thirtieth) and Knoxville (Sixth) judicial districts.

An organization chart of the Conference is on the following page.

TENNESSEE DISTRICT ATTORNEYS GENERAL CONFERENCE  
ORGANIZATION CHART



---

## AUDIT SCOPE

---

We have audited the Tennessee District Attorneys General Conference for the period July 1, 1995, through June 30, 1997. Our audit scope included a review of management's controls and compliance with policies, procedures, laws, and regulations in the areas of revenues, expenditures, equipment, payroll and personnel, and individual district attorneys general's offices; compliance with the Financial Integrity Act; and utilization of the Department of Finance and Administration's STARS grant module to record the receipt and expenditure of federal funds. The audit was conducted in accordance with generally accepted government auditing standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

---

## OBJECTIVES, METHODOLOGIES, AND CONCLUSIONS

---

### REVENUES

Our objectives in reviewing the revenue transactions of the Tennessee District Attorneys General Conference were to determine whether

- revenue transactions were properly recorded,
- cash collected during the audit period had been deposited timely and accounted for in the appropriate fiscal year,
- physical controls over cash were adequate,
- revenue or fees had been billed or charged and recorded at the correct amount,
- records were reconciled with Department of Finance and Administration reports,
- controls over contingent revenue were adequate, and
- transfers of contingent revenue to earned revenue were made timely.

We interviewed key personnel to gain an understanding of the procedures for and controls over billing and receiving funds and contingent revenue funds. We also reviewed supporting documentation and tested a sample of revenue transactions and billing journal vouchers. We had no findings related to revenue; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

---

### EXPENDITURES

Our objectives in reviewing the Conference's expenditure transactions were to determine whether

- expenditures were for goods or services that had been authorized and received;
- expenditures for goods or services were in accordance with state policies and procedures;
- expenditures for goods or services were recorded to the correct allotment and object code, in the correct period, and for the correct amount;
- payments were made in a timely manner;
- Conference records were reconciled with Department of Finance and Administration reports;
- travel payments were paid in accordance with the Comprehensive Travel Regulations;
- contracts were made in accordance with regulations;
- contract payments complied with contract terms and were properly approved and recorded against the contract; and
- funds encumbered were liquidated for the same purpose as the original encumbrance.

We discussed disbursement, contract, and reconciliation controls and procedures with key management personnel to gain an understanding of the Conference's procedures for these areas. We reviewed supporting documentation and tested a sample of transactions to determine whether the Conference complied with the state's rules and regulations. We reviewed voucher registers for proper approval. We asked key personnel to determine if the Conference paid the professional privilege tax for any employee. We had no findings related to expenditures; however, other minor weaknesses came to our attention and have been reported to management in a separate letter.

---

## **EQUIPMENT**

Our objectives in reviewing the Conference's equipment controls and procedures and those of the 13 district attorneys general's offices were to determine whether

- property and equipment on the state's property records represented a complete and valid listing of equipment purchased and physically on hand and its cost,
- property and equipment were adequately safeguarded,
- lost and missing equipment was properly reported to the Comptroller's Office and was removed from the equipment listing, and
- rental and lease arrangements for office space were supported by lease agreements.

We interviewed key Conference personnel to gain an understanding of procedures and controls for safeguarding and accounting for equipment and reviewed those controls and procedures. In addition, we tested samples of equipment items at the Conference office and 13 district attorneys general's offices to determine if the tag number, serial number, description, and location of actual items matched information for those items on the Property of the State of Tennessee (POST) equipment listing. Several items could not be located or verified. We also reviewed the equipment items noted as lost or stolen.

We tested lease agreements and determined that the Conference did not maintain leases for all district attorneys general's office space—some leases were oral agreements, not formal lease agreements or contracts. In addition to the finding, other minor weakness came to our attention and have been reported to management in a separate letter.

## **1. Controls over property and equipment and leased office space were inadequate**

### **Finding**

The Conference office does not have adequate controls over property and equipment and leased office space. This finding is repeated from the prior audit. The Conference's management concurred with the prior audit finding. Management stated that they would review the possibility of establishing a full-time property officer, negotiate all rental and lease agreements on a standard lease, and maintain a listing of all office space provided at no charge.

### **Property and Equipment**

Property and equipment records were reviewed at the Conference office and the offices of 13 district attorneys general. The following weaknesses indicate a lack of control over and accountability for equipment:

- Sixteen of the 289 applicable equipment items tested (5.5%) could not be physically located or confirmed.
- The tag numbers on 16 of 273 applicable equipment items tested (6%) did not match the numbers recorded on the property listing.
- The location of two of 273 applicable equipment items tested (1%) did not agree with the location recorded on the property listing.
- Throughout the audit period, 50 equipment items valued at \$32,773.71 were reported to the Comptroller of the Treasury as lost or stolen.

In addition, the property records apparently were not updated to reflect surplussed or unusable equipment and changes noted in the physical inventories, although the lost or stolen equipment items were removed from the POST equipment listing. Failure to update the property records weakens the reliability of inventory records, weakens the controls over equipment, and lessens the likelihood that the loss of equipment will be detected. Accurate property records are necessary to maintain control over assets. The Conference office, as the designated fiscal officer for the district attorneys general, has a duty to ensure that property and equipment are properly accounted for in the state's property listing.

### **Leased Office Space**

The Conference office does not have adequate procedures concerning leased office space and has allowed district attorneys general to arrange and negotiate for their own office space. In

some cases, the Conference office and the district attorneys general have not entered into formal lease agreements for the office space currently leased. In addition, the Conference office does not maintain copies of all office leases, but pays invoices for the lease of this office space. Twenty-one of the 29 criminal office lease agreements (72%) were oral agreements as were six of the 30 Child Support Division lease agreements (20%). The Conference therefore had no documentation of the terms of these agreements.

## **Recommendation**

### **Property and Equipment**

The Executive Director and the property officer should improve accountability for the equipment used by the Conference office and the 31 district attorneys general. Each district attorney general should be held accountable for the state equipment assigned to his or her office and should report inventory changes to the Conference office immediately. The property officer should update the inventory records in a timely manner.

### **Leased Office Space**

The Executive Director should ensure that all rental and lease arrangements are appropriate legal documents, such as contracts or lease agreements. The documents should clearly specify the exact legal relationship, if any, between the Conference and the property owners.

## **Management's Comment**

We concur. We are continuing our efforts to improve the property accountability for the equipment used by our department. As for space lease arrangements, we have prepared standard lease contracts for the majority of all space that has been leased or renegotiated since the previous audit finding. With the District Attorneys now in the first year of their eight-year terms, we have been working on negotiating formal leases for all of the oral agreements that were previously in place. We currently have forty-four formal lease agreements out of sixty rental properties. By the end of April we should have a formal lease in place for all rental properties except five.

---

## **PAYROLL AND PERSONNEL**

The objectives of our review of the Conference's payroll and personnel controls and procedures and those in the district attorneys general's offices were to determine whether

- wages, salaries, and benefits were paid only for work authorized and performed;
- payroll was computed using rates and other factors in accordance with laws and regulations;
- the correct payroll amount and pay period were recorded;
- employees were qualified for their positions;
- performance evaluations were completed in the time period required;

- payroll charges to federal grants, if applicable, were adequately supported and properly distributed; and
- adequate leave records were maintained to accurately report liabilities at fiscal year-end.

We interviewed key Conference and district office employees to gain an understanding of procedures for and controls over leave and time-sheet approval and payroll overpayments. We reviewed supporting documentation for these controls and procedures. In addition, a sample of payroll transactions was tested for proper approval of salary rates, leave slips, and time sheets. Also, deductions were reviewed to ensure employees had authorized them. We determined that leave was accrued in accordance with applicable district attorney general or Conference guidelines. The personnel files of the employees selected in the sample were reviewed for qualifications, salary rates, performance evaluations, pay raises, and final pay for terminated employees. District attorneys general's, assistant district attorneys', and criminal investigators' salaries were reviewed to determine if they complied with applicable *Tennessee Code Annotated* sections. Furthermore, we reviewed supplemental payroll registers. We sent confirmations to employees in the sample to verify job description and duties.

We reviewed leave records to determine if district offices were maintaining adequate records detailing balances. We noted that 11 district offices do not maintain adequate leave records. In addition to the finding, other minor weaknesses came to our attention and have been reported to management in a separate letter.

---

## **2. Eleven district attorneys general's offices do not maintain adequate leave records**

### **Finding**

Each district attorney general is empowered to formulate a reasonable leave policy (as established by an Attorney General Opinion issued August 6, 1975). As a result, leave policies vary substantially from district to district; some offices have no written policy while others have fashioned their policies after the Department of Personnel's.

This finding is repeated from the prior audit. The Conference's management concurred with the prior finding. Management stated that they would require each district office to maintain leave records, suggest an appropriate recordkeeping system, and require each district to submit a year-end leave report for each state employee. Monthly monitoring by the conference office would be done when adequate staff was provided to perform this task.

Eleven of 31 district offices (35%) do not maintain adequate leave records for their employees—districts 1, 3, 9, 14, 15, 16, 17, 19, 24, 25, and 31. Five of the 11 offices (districts 1, 3, 14, 15, and 19) record employees' leave on a calendar but do not maintain a running total of each employee's leave balance, although district 14 began maintaining time sheets for attorneys in June 1996. Five of the 10 offices—districts 16, 17, 24, 25 (attorney's only), and 31 (investigators

only)—rely on employees to monitor their own leave (honor system). One of the 11 offices (district 9) maintains leave in the district’s travel book but does not review the leave balances to ensure employees do not exceed the leave time granted by the state leave and attendance policy or established office policy.

The Conference office has developed leave and attendance policies and procedures for the districts to follow. However, the 11 districts had not adopted or followed these policies and procedures.

The Assistant Executive Director–Personnel and Payroll contacted all 11 and requested each district to begin using leave requests. Districts 1, 9, 14, 15, 17, 19, 24, and 31 agreed to prepare leave requests. Districts 16 and 25 do not plan to use leave requests, and district 3 has not made a decision whether to use leave request or not.

Maintaining accurate district office leave records and reporting district office leave activity allow the Conference office to ensure the accuracy of claims submitted for payment of leave at termination. In addition, accurate leave records allow the Assistant Executive Director–Fiscal to report an accurate annual leave liability to the Department of Finance and Administration.

### **Recommendation**

The Executive Director should strongly encourage all districts that do not have a written leave policy to adopt the state leave policy or draft a written summary of their leave policies and submit them to the Conference office. The Assistant Executive Director–Personnel and Payroll should monitor leave activity in accordance with each district attorney general’s policy.

The district attorneys general in all districts should either adhere to the Conference’s leave and attendance policies and procedures or establish and follow other appropriate policies and procedures and recordkeeping systems.

### **Management’s Comment**

We concur. The Conference office has requested that the 31 districts establish a written leave and attendance policy for their individual offices and submit same to the Conference office and all but four have agreed to comply. In addition, the districts were encouraged to use leave requests for their employees in order to reflect accurate leave records. It should be noted that since the District Attorney General is an elected official, his or her office is autonomous. The Conference office cannot require compliance, but only make a request.

---

### **Review of District Attorneys General’s Offices**

The objectives of our review of the district attorneys general’s field office controls and procedures were to determine whether

- controls over leave and attendance, cellular phones, vehicles, purchasing, and cash receipts were adequate and in accordance with applicable policy;
- controls at offices were adequate to ensure that assets purchased by the state were adequately safeguarded;
- travel claims were submitted for reimbursement to only one of the district attorneys general’s funding sources (districts 1, 2, 3, 4, 6, 13, 14, 16, 19, 22, 25, 30, 31);
- salary supplements and other benefits were paid in accordance with applicable statutes; and
- the district attorneys general’s bank accounts, if any, were authorized and adequately controlled.

We interviewed key district attorney general office personnel to gain an understanding of procedures for and controls over purchasing, travel, leave and attendance, equipment, and grant funds. We obtained a listing of office bank accounts, reviewed personnel files as part of the payroll sample, confirmed or verified office equipment as part of the equipment sample, reviewed supporting documentation for travel claims submitted to the county for reimbursement, reviewed time and attendance policies, and reviewed expenditure reports for propriety. Furthermore, we reviewed the *Review of Fraud and Economic Crime Funds, Judicial District Drug Task Force Funds, and Other Funds Administered by the District Attorneys General* released by the Division of County Audit. We asked key personnel of the district attorneys’ general’s offices if employees received any salary supplements and if the office paid the professional privilege tax on behalf of any district employees (attorneys), had cash receipts, had cellular phones, made purchases with state funds, had automobiles. Also, we evaluated how equipment purchased by the Conference was distinguished from equipment purchased by the county government. In addition to the findings noted in the equipment and payroll and personnel sections, other minor weaknesses came to our attention and have been reported to management in a separate letter.

---

**DEPARTMENT OF FINANCE AND ADMINISTRATION POLICY 20,  
“RECORDING OF FEDERAL GRANT EXPENDITURES AND REVENUES”**

Department of Finance and Administration Policy 20 requires that state departments and agencies whose financial records are maintained on the State of Tennessee Accounting and Reporting System (STARS) fully utilize the STARS grant module to record the receipt and expenditure of all federal funds. Our testwork focused on whether

- appropriate grant information was entered into the STARS Grant Control Table upon notification of the grant award, and whether related revenue and expenditure transactions were coded with the proper grant codes;
- appropriate payroll costs were reallocated to federal programs within 30 days of each month-end using an authorized redistribution method;
- the Conference made drawdowns at least weekly using the applicable STARS reports;
- the Conference negotiated an appropriate indirect cost recovery plan, and whether indirect costs were included in drawdowns; and

- the Conference utilized the appropriate STARS reports as bases for preparing the schedules of expenditures of federal awards and reports submitted to the federal government.

We interviewed key personnel to gain an understanding of the Conference's procedures and controls concerning Policy 20. We also obtained a listing of the State of Tennessee Accounting and Reporting System (STARS) grant codes to ensure all grants had been entered into the STARS grant control table. We reviewed journal vouchers to determine the method to reallocate payroll costs. The District Attorneys General Conference's compliance with Department of Finance and Administration Policy 20 appeared adequate.

---

## **PRIOR AUDIT FINDINGS**

---

Section 8-4-109, *Tennessee Code Annotated*, requires that each state department, agency, or institution report to the Comptroller of the Treasury the action taken to implement the recommendations in the prior audit report. The Tennessee District Attorneys General Conference filed its report with the Department of Audit on December 16, 1996. A follow-up of all prior audit findings was conducted as part of the current audit.

## **RESOLVED AUDIT FINDINGS**

The current audit disclosed that the Tennessee District Attorneys General Conference has corrected previous audit findings concerning the Conference's need to manage the fiscal operations of its office more closely and to monitor and oversee the offices of the district attorneys general; inadequate guidance regarding the appropriate use and accounting of state office expense funds; Memphis as the official station of the Conference's Deputy Executive Director; inappropriate behavior by the former District Attorney General, Thirtieth Judicial District, a former Assistant District Attorney General, Thirtieth Judicial District, and the District Attorney General, Sixth Judicial District; unallowable cost recovery from the Child Support Enforcement Program; improper use of Child Support Incentive Funds for non-child support program purposes; lack of a proper year-end cutoff; and the late processing of revenue journal vouchers.

## **REPEATED AUDIT FINDINGS**

The prior audit report also contained findings concerning inadequate controls over property and equipment and leased office space and inadequate leave records in the district offices. These findings have not been resolved and are repeated in the applicable sections of this report.

---

## ISSUES FOR LEGISLATIVE CONSIDERATION

---

### **Numerous Funding Sources of the District Attorneys General**

The district attorneys general receive funds from some or all of the following sources: state appropriations, city and county appropriations, Fraud and Economic Crime funds, Federal Asset Forfeiture funds, Drug Task Force funds, Victim/Witness Asset Program funds, and cost collection funds. These funds and county appropriations are typically on deposit with the county trustee and are spent and accounted for through the applicable county's accounting system. The Office of the Executive Director of the Conference is the fiscal officer for state appropriations of each district attorney general's office and has been specifically designated as fiscal officer for child support incentive funds pursuant to Section 8-7-602(b), *Tennessee Code Annotated*. In addition, Section 8-7-602(a) provides for individual district attorneys general to designate the Executive Director as fiscal officer for the other federal and local government funds they receive. However, none of the 31 district attorneys general have exercised this option.

These various sources increase the risk that the same expense item could be submitted for reimbursement to more than one funding source, whether intentionally or as a result of errors. The officials responsible for approving payments at the state and the county level do not have a mechanism to determine what expenses have also been paid by another funding source.

The General Assembly should determine if city and county governments should continue to provide funding to district attorneys general without a mechanism to verify that claims are submitted to only one government for reimbursement, or determine if the Conference should be fiscal officer for all the district attorneys general's sources of funds.

### **Salary Supplements for State District Attorney General Employees and County Funding of District Offices**

Currently, the payment of salary supplements to district attorneys general and their staff is handled differently by the counties providing the supplements. Some counties pay the supplement directly to the employee through the county payroll, while others pay the supplement to the Conference office which pays the supplement to the employee through the state payroll system.

The General Assembly should determine if it was its legislative intent for Fraud and Economic Crime funds and county appropriations to be used to supplement the salaries of individuals employed by certain district attorneys general's offices. If the salary supplements are considered appropriate, the General Assembly should then consider requiring that all salary supplements for the district attorneys general and their staff be remitted to the state and then paid through the state payroll system.

In addition, some counties subsidize the funding of the district attorneys general's offices by providing county employees to work in the district attorneys general's office, travel expenses of county and state employees, and office space, etc. The General Assembly should consider

requiring that any county funding of the district attorneys general's offices, except for office space provided in county-owned facilities, be remitted to the state and then paid through the state system.

---

## OBSERVATIONS AND COMMENTS

---

### TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

*Tennessee Code Annotated*, Section 4-21-901, requires each state governmental entity subject to the requirements of Title VI of the Civil Rights Act of 1964 to submit an annual Title VI compliance report and implementation plan to the Department of Audit by June 30, 1994, and each June 30 thereafter. For the year ended June 30, 1997, the Tennessee District Attorneys General Conference filed its compliance report and implementation plan on July 25, 1997, and for the year ended June 30, 1996, on June 28, 1996.

Title VI of the Civil Rights Act of 1964 is a federal law. The act requires all state agencies receiving federal money to develop and implement plans to ensure that no person shall, on the grounds of race, color, or origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal funds.

The State Planning Office in the Executive Department was assigned the responsibility of serving as the monitoring agency for Title VI compliance, and copies of the required reports were filed with the State Planning Office for evaluation and comment. However, the State Planning Office has been abolished. The Office of the Governor has not designated a new monitoring agency for the Executive Branch.

A summary of the dates state agencies filed their annual Title VI compliance reports and implementation plans is presented in the special report *Submission of Title VI Implementation Plans*, issued annually by the Comptroller of the Treasury.

### REVIEW OF THE DISTRICT ATTORNEYS GENERAL'S SPECIAL FUNDS

The Division of the County Audit in the Comptroller's Office reviewed the special funds of the 31 district attorneys general for the year ended June 30, 1996. These funds consist of Fraud and Economic Crimes Prosecution Act funds, Judicial District Drug Task Force funds, and Federal Asset Forfeiture funds. The Division of County Audit noted material findings in the administration of the special funds in 11 districts for the year ended June 30, 1996—districts 1, 12, 14, 17, 21, 23, 24, 25, 26, 27, and 30.

The special funds of the district attorneys general are often used to provide salary supplements to certain staff members. The Division of County Audit issued for June 30, 1995, and for June 30, 1994, a report on its *Review of Fraud and Economic Crime Funds, Judicial District Drug Task Force Funds, and Other Funds Administered by the District Attorneys*

*General, First Judicial District Through Thirty-First Judicial District.* In the transmittal letters of those reports, the Division of County Audit states that the propriety of the use of Fraud and Economic Crime funds and county appropriations for the payment of salary supplements to individuals employed by certain district attorneys general's offices was not addressed. The transmittal letters also state that these salary supplements raised public policy concerns which should be examined by the General Assembly.

---

## **APPENDIX**

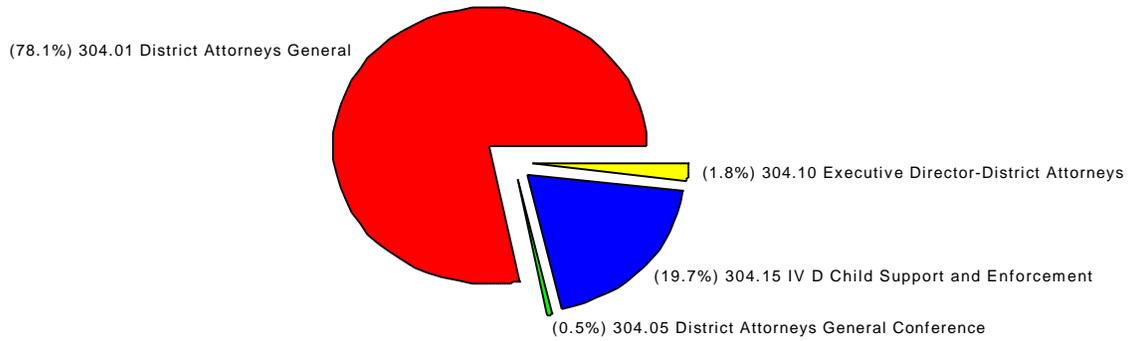
---

Tennessee District Attorneys General Conference divisions and allotment codes:

- 304.01 District Attorneys General
- 304.05 District Attorneys General Conference
- 304.10 Executive Director
- 304.15 Title IV-D Child Support

### District Attorneys General Expenditures by Allotment & Division

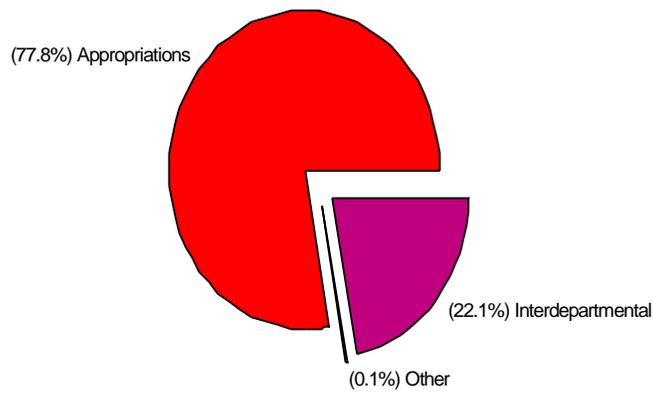
Fiscal Year Ended June 30, 1997



Source: District Attorney General Conference

### District Attorneys General Funding Sources

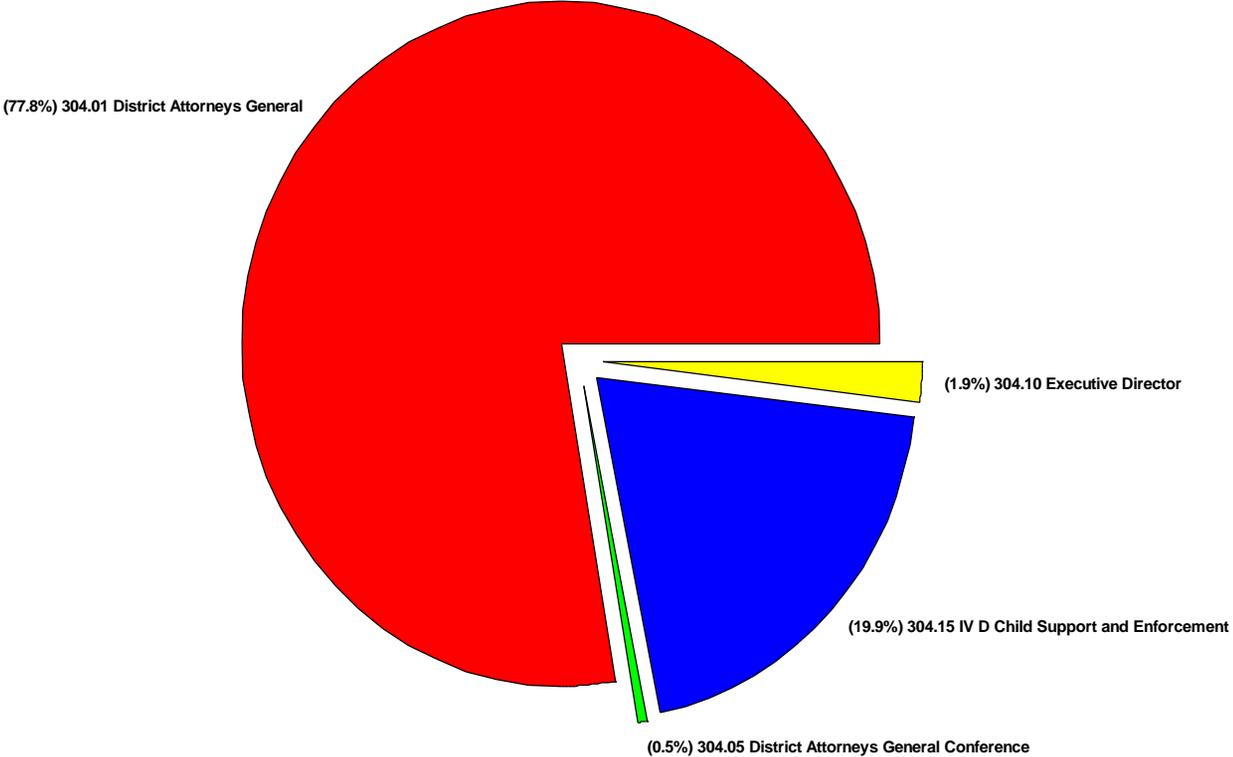
Fiscal Years Ended June 30, 1997 and June 30, 1996 (Unaudited)



Source: District Attorneys General Conference

District Attorneys General Expenditures by Allotment & Division

Fiscal Year Ended June 30, 1996



Source: District Attorney General Conference