

**Tennessee Rehabilitative Initiative in Correction
Central Garage**

**Department of Safety
Title and Registration Division**

**Tennessee State University
Cooperative Agricultural Research Program**

Theft of State Property

May 2000

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John G. Morgan
Comptroller

May 1, 2000

The Honorable Don Sundquist, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Ms. Patricia Weiland, Executive Director
TRICOR
320 Sixth Avenue North
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Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is a special report on the review of the theft of a state-owned 1994 Ford Crown Victoria and other allegations involving the Central Garage of the Tennessee Rehabilitative Initiative in Correction, TRICOR. On July 3, 1997, the Director of Internal Audit, Department of General Services, informed the Division of State Audit that on the previous day a state vehicle had been stolen from the TRICOR Central Garage.

During the course of the investigation of the stolen vehicle, several other improprieties were discovered at the TRICOR garage. These improprieties included the theft, repair, and sale of three tractors from Tennessee State University (TSU); the theft of two used engines and a used generator; the improper use of inmate labor and theft of vehicle parts; and the submission of false claims to Laidlaw, Inc., an environmental specialist company located in Nashville, Tennessee.

The review was conducted in conjunction with the Criminal Investigations Division, Department of Safety; the Internal Affairs Division, Department of Correction; the Metro Nashville Police Department; the Wilson County Sheriff's Office; and the Lebanon Police Department. The results of the review are primarily summarized based on the work of these law enforcement personnel.

The auditors determined that several individuals were involved in the improprieties at the TRICOR garage. Mr. Donald Knipfer, an inmate worker at the TRICOR garage, admitted his participation in the theft of the state car, and gave the investigators information pertaining to the other individuals involved and information regarding other improprieties at the TRICOR garage. Mr. Knipfer acknowledged that he had colluded with Ms. Pamela Newman, an Exam Clerk 2 with the Title and Registration Division, Department of Safety, to have a bogus title created for the vehicle. While delivering this bogus title to Mr. Knipfer, Ms. Newman was accompanied by Ms. Patsy Parrigin, also an Exam Clerk 2. Mr. Knipfer arranged with Mr. Vernon "Woody" Hayes, a private individual, to have the vehicle picked up and to have the vehicle sold. Mr. Knipfer stated that for a payment of \$500, Mr. Jerry Arnold, the manager of the TRICOR garage, had agreed to be absent from the TRICOR garage when the state car was taken.

Mr. Knipfer told the investigators that Mr. Arnold had also participated in the theft, repair, and sale of three tractors from TSU. According to Mr. Knipfer, two TSU employees arranged this transaction: Mr. Jeffrey Hillsman, the Superintendent of Farm Property; and Mr. William "Bubba" Malone, a Horticulture Technician. In addition, inmate labor was used to repair the tractors. Mr. Knipfer said that the TRICOR garage had entered into a contract to refurbish 15 bookmobiles (Chevrolet 630 vans) for the state's regional libraries. He explained that this refurbishing included, in some cases, replacing engines and generators. Mr. Knipfer admitted that he had sold a used engine and a used generator and arranged for the sale of a second used engine. Mr. Knipfer additionally stated that Mr. Arnold was aware of the sale, authorized the sale, and participated in the sale of one of the engines.

Four inmate workers admitted to working on private vehicles at the TRICOR garage. Three of these inmates stated that they acted under the direction of the garage manager, Mr. Arnold. One inmate also admitted to stealing tires and selling them.

When questioned by investigators, Mr. Arnold denied engaging in any improper activities during his employment at the TRICOR garage. Ms. Newman was apprehended by police in the act of providing a second bogus title to Mr. Knipfer. Mr. Hillsman and Mr. Malone acknowledged providing the three TSU tractors to Mr. Arnold in exchange for money.

With regard to the issue of the filing of a false claim, the auditors determined that on October 10, 1995, Mr. Arnold reported that when he arrived at the garage that day, he noticed "what appeared to be a white powder substance on the vehicles" and that he then contacted Laidlaw, Inc. According to Mr. Arnold, a Laidlaw official confirmed that a pipe containing lime had broken during the night and agreed that Laidlaw would pay for all damages. Mr. Arnold submitted invoices to Laidlaw for the cost of washing, buffing, and repairing ten vehicles. Mr. Arnold admitted to the investigators that the invoice for his vehicle, in the amount of \$974.18, was actually an estimate, and that he had kept \$800 of the money that he received from Laidlaw. A paint and

body shop employee admitted to colluding with Mr. Arnold and to producing the estimate for the damage in exchange for a payment of \$174.18 to him by Mr. Arnold.

The report contains recommendations concerning the TRICOR Garage, the Title and Registration Division, and Tennessee State University. Because the TRICOR garage was closed in late July 1997, the issues relating to the control of keys, vehicles, new and used parts, and work on personal vehicles became moot. However, should plans arise to reopen the TRICOR garage or to open another TRICOR garage, TRICOR management should develop, implement, and monitor written policies and procedures that ensure the appropriate protection and security of keys, vehicles, and new and used parts. In addition, the written policies and procedures should specifically prohibit any use of state employees or inmates to work on personal vehicles.

The Title and Registration Division should develop, implement, and monitor written policies and procedures regarding data entry and data change capabilities of its exam clerks. The division should provide written communication to all staff that specifically prohibits unauthorized tampering with title and registration data and that clearly states that the detection of such tampering will result in termination and prosecution. Moreover, the division should retain computer transaction data for post-audit purposes.

Tennessee State University should establish policies, procedures, and practices that ensure the prompt disposal of obsolete equipment and other items. The university should appropriately secure such items from theft or damage. Further, the university should assess the possibility of repairing supposedly obsolete equipment before categorizing it as surplus.

TRICOR management terminated Mr. Arnold's employment, effective August 25, 1997. The Department of Safety terminated the employment of Ms. Newman on July 28, 1997, and Ms. Parrigin on September 26, 1997. Tennessee State University terminated the employment of both Mr. Hillsman and Mr. Malone on August 12, 1997.

The Criminal Investigations Division, Department of Safety, referred the matters discussed in this report to the Office of the District Attorney General, Twentieth Judicial District (Davidson County), on August 8, 1997. According to District Attorney General staff, as of January 12, 2000, four individuals were indicted; three indictments have been served, and a fourth is pending. Mr. Knipfer is currently serving time in a prison in Kentucky. Mr. Knipfer has been indicted, but he has not yet been served because the District Attorney General is awaiting his extradition from Kentucky to Tennessee.

Mr. Arnold pled guilty to conspiracy to commit theft of property, theft of property, and official misconduct; he received a sentence of six years. He also pled guilty to official misconduct and received a sentence of two years. The sentences were consecutive for a total of eight years. The court suspended Mr. Arnold's sentence, and he was placed on probation for the eight-

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year period. In addition to his probation, Mr. Arnold was required to pay a \$5,000 fine and restitution.

Ms. Newman pled guilty to conspiracy to commit theft of property, theft of property, and two counts of forgery and official misconduct. On February 10, 2000, Ms. Newman was sentenced to three years probation and the judge specified that her record may not be expunged. Mr. Hayes was indicted, but all charges have been dropped because he has since passed away.

Sincerely,

A handwritten signature in black ink that reads "John G. Morgan". The signature is written in a cursive style with a long horizontal flourish at the end.

John G. Morgan
Comptroller of the Treasury

cc: Mr. Mike Green, Commissioner, Department of Safety
Mr. James A. Hefner, President, Tennessee State University

JGM/esh
98-1003

State of Tennessee

A u d i t H i g h l i g h t s

Comptroller of the Treasury

Division of State Audit

Special Report

**Tennessee Rehabilitative Initiative in Correction
Central Garage**

**Department of Safety
Title and Registration Division**

**Tennessee State University
Cooperative Agricultural Research Program**

Theft of State Property

May 2000

ORIGIN OF REVIEW

On July 3, 1997, the Director of Internal Audit, Department of General Services, informed the Division of State Audit that on the previous day a vehicle had been stolen from the Central Garage of the Tennessee Rehabilitative Initiative in Correction (TRICOR), a state agency. At that time, the TRICOR Central Garage was a vehicle maintenance and repair facility located in Nashville and managed by employees.

During the course of the investigation of the stolen vehicle, several other improprieties were discovered at the TRICOR garage. These improprieties included the theft, repair, and sale of three tractors from Tennessee State University (TSU); the theft of two used engines and a used generator; the improper use of inmate labor and theft of vehicle parts; and the submission of false claims to Laidlaw, Inc., an environmental specialist company located in Nashville, Tennessee.

REVIEW OBJECTIVES

The objectives of the review were to determine the significant allegations against state employees, to assess the evidentiary material the investigators obtained, and to report any violations of state laws, policies, and procedures; to determine the nature and extent of disciplinary action taken

against the state employees who participated in improper activities; to determine the status of any criminal prosecutions; to assess the weaknesses in internal controls at the various agencies involved; to make recommendations to correct the identified internal control deficiencies; to report our findings to the Tennessee Rehabilitative Initiative in Correction, the Department of Safety, and Tennessee State University; and to refer the results of our review to the Office of the State Attorney General and, if appropriate, to the relevant Office of the District Attorney General.

The review was conducted in conjunction with the Criminal Investigations Division, Department of Safety; the Internal Affairs Division, Department of Correction; the Metro Nashville Police Department; the Wilson County Sheriff's Office; and the Lebanon Police Department. The results of the review are primarily summarized based on the work of these law enforcement personnel.

RESULTS OF THE REVIEW

The auditors determined that several individuals were involved in the improprieties at the TRICOR garage. Mr. Donald Knipfer, an inmate worker at the TRICOR garage, admitted his participation in the theft of the state car, and gave the investigators information pertaining to the other individuals involved and information regarding other improprieties at the TRICOR garage. Mr. Knipfer acknowledged that he had colluded with Ms. Pamela Newman, an Exam Clerk 2 with the Title and Registration Division, Department of Safety, to have a bogus title created for the vehicle. While delivering this bogus title to Mr. Knipfer, Ms. Newman was accompanied by Ms. Patsy Parrigin, also an Exam Clerk 2. Mr. Knipfer arranged with Mr. Vernon "Woody" Hayes, a private individual, to have the vehicle picked up and to have the vehicle sold. Mr. Knipfer stated that for a payment of \$500, Mr. Jerry Arnold, the manager of the TRICOR garage, had agreed to be absent from the TRICOR garage when the state car was taken.

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INTRODUCTION

ORIGIN OF THE REVIEW

On July 3, 1997, the Director of Internal Audit, Department of General Services, informed the Division of State Audit that on the previous day a state vehicle had been stolen from the Central Garage of the Tennessee Rehabilitative Initiative in Correction (TRICOR), a state agency. At that time, the TRICOR Central Garage was a vehicle maintenance and repair facility located in Nashville and managed by employees. The Motor Vehicle Management Division, Department of General Services, had sent the state vehicle, a 1994 Ford Crown Victoria, to the TRICOR Central Garage. The vehicle was to be repainted in preparation for sale as a surplus vehicle at public auction.

The internal audit director said that on July 2, Mr. Jerry Arnold, the manager of the TRICOR Central Garage, had called Mr. Bobby Parton, the Director of the Motor Vehicle Management Division. According to the internal audit director, Mr. Arnold reported that the division's vehicle had been stolen from TRICOR Central Garage property and that he had filed a police report on the theft. The internal audit director reported that staff from three law enforcement groups were involved in investigating the theft: the Internal Affairs Division, Department of Correction; the Criminal Investigations Division, Department of Safety; and the Metro Nashville Police Department.

On July 24, the Director of the Criminal Investigations Division (CID), Department of Safety, contacted the Division of State Audit. The CID director stated that Mr. Don Knipfer, an inmate worker at the TRICOR Central Garage, had arranged to obtain a bogus car title from Ms. Pam Newman, an Exam Clerk 2 in the Title and Registration Division of the Department of Safety. The CID director said that Mr. Knipfer and Ms. Newman had been arrested on July 22 when Ms. Newman delivered the bogus car title to Mr. Knipfer.

The CID director also said that Mr. Knipfer had implicated Mr. Arnold in schemes to steal the state car and to steal and sell vehicle parts. The CID director stated that the TRICOR Central

Garage had been closed, the inmate workers at the garage had been returned to their work-release center, and the four state employees at the garage had been placed on administrative leave. The CID director further indicated that the Department of Safety intended to terminate Ms. Newman's employment.

Division of State Audit staff initiated a review of the matter on July 24, 1997.

OBJECTIVES OF THE REVIEW

The objectives of the review were

1. to determine the significant allegations against state employees, to assess the evidentiary material the investigators obtained, and to report any violations of state laws, policies, and procedures;
2. to determine the nature and extent of disciplinary action taken against the state employees who participated in improper activities;
3. to determine the status of any criminal prosecutions;
4. to assess the weaknesses in internal controls at the various agencies involved;
5. to make recommendations to correct the identified internal control deficiencies;
6. to report our findings to the appropriate state agencies; and
7. to refer the results of our review to the Office of the State Attorney General and, if appropriate, to the relevant Office of the District Attorney General.

SCOPE OF THE REVIEW

Division of State Audit staff reviewed the investigative files prepared by the investigators for the Criminal Investigations Division, Department of Safety, and the Internal Affairs Division, Department of Correction. These files included transcripts and notes of interviews, copies of affidavits, vehicle titles, title applications, invoices, checks, driver's licenses, memoranda, and inventory documentation.

Division of State Audit staff tracked the disciplinary actions taken against the state employees involved in improper activities and the status of criminal prosecutions. In addition, the auditors reviewed the internal controls at (1) the TRICOR Central Garage; (2) the Title and Registration Division, Department of Safety; and (3) the Cooperative Agricultural Research Program, Tennessee State University.

BACKGROUND

Until late July 1997, the Tennessee Rehabilitative Initiative in Correction (TRICOR) operated a Central Garage (hereinafter referred to as the TRICOR garage) near John Tune Airport in Nashville. The TRICOR garage was closed after the theft of the 1994 Ford Crown Victoria.

Three state employees and 13 inmate workers worked at the TRICOR garage. The three state employees were Mr. Jerry Arnold, the TRICOR garage manager; Mr. Wilton (Will) Hand, a TRICOR Correctional Industries Supervisor 5; and Mr. Jesse O'Neal (Neal) Jones, a TRICOR Farm Crew Leader 2. In addition, the office of Ms. Vickie Moses, the TRICOR general manager for farms and Mr. Arnold's direct supervisor, was located at the TRICOR garage. The inmate workers were transported daily to and from the Nashville Community Service Center, a work-release facility.

The employees and inmates at the TRICOR garage did miscellaneous work on vehicles and other motorized equipment, such as tractors, bulldozers, and buses. Their work included repainting and refurbishing state vehicles in preparation for their sale as surplus vehicles at public auction. The TRICOR garage's three largest customers were (1) the Motor Vehicle Management Division, Department of General Services; (2) the Surplus Property Division, Department of General Services; and (3) the Metro Nashville Motor Pool.

In fiscal year 1997, the TRICOR garage expended \$433,648 and collected \$309,245 in revenue.

RESULTS OF THE REVIEW

THEFT OF A STATE-OWNED 1994 FORD CROWN VICTORIA

Initial Theft Report, July 2, 1997

On July 2, 1997, Mr. Jerry Arnold, the TRICOR garage manager, reported the theft of a state vehicle, a 1994 Ford Crown Victoria, to his direct supervisor, Ms. Vickie Moses, the TRICOR general manager for farms. Mr. Arnold also reported the theft to the Metro Nashville Police Department, the warden of the Nashville Community Service Center (the facility that housed the garage's inmate workers), and the Motor Vehicle Management Division, Department of General Services. The Motor Vehicle Management Division had sent the state car to the TRICOR garage. The state car was to be repainted in preparation for sale as a surplus vehicle at public auction.

After the theft of the state car was reported, five investigative groups were involved in attempting to solve the theft and apprehend the perpetrators. These groups were (1) the Internal Affairs Division (IAD), Department of Correction; (2) the Criminal Investigations Division (CID), Department of Safety; (3) the Metro Nashville Police Department; (4) the Wilson County Sher-

iff's Office; and (5) the Lebanon Police Department. Within several days, the IAD and CID investigators learned that the driver of the stolen state car had been stopped over the Fourth of July weekend and charged with driving on a revoked driver's license. In addition, they learned that the Lebanon Police Department had impounded the state car and had it towed to Shorty's wrecker service in Lebanon.

The IAD and CID investigators interviewed several inmates who worked at the TRICOR garage. The inmates interviewed implicated Mr. Don Knipfer, also an inmate worker at the TRICOR garage, in the theft. The IAD and CID investigators then interviewed Mr. Knipfer about his involvement in the theft of the state car.

Mr. Knipfer's Involvement in the Theft of the State Car

Mr. Knipfer admitted his participation in the theft of the state car. Mr. Knipfer further admitted that he had colluded with Ms. Pam Newman, an Exam Clerk 2 with the Title and Registration Division, Department of Safety, to obtain a bogus car title for the stolen state car. Mr. Knipfer also acknowledged that he had colluded with Mr. Vernon "Woody" Hayes, a private individual, for Mr. Hayes to pick up and sell the stolen state car.

According to Mr. Knipfer, he provided Ms. Newman with the vehicle identification number and a name. Mr. Knipfer stated that Ms. Newman delivered the bogus car title to him at a location just outside the TRICOR garage perimeter. Mr. Knipfer said that another state employee accompanied Ms. Newman. That second state employee was later identified by the IAD and CID investigators as Ms. Patsy Parrigin, also an Exam Clerk 2 with the Title and Registration Division, Department of Safety.

Mr. Knipfer said that once he obtained the bogus car title, he then returned to the TRICOR garage, obtained the car keys for the state car, a 1994 Ford Crown Victoria, and drove the car away. He said that Ms. Newman and Ms. Parrigin followed him in Ms. Newman's car to the Shoney's parking lot on White Bridge Road, where he left the state car. He said that the two exam clerks then drove him back to the TRICOR garage entrance. He said that he left the keys for the stolen state car in the TRICOR garage's mailbox by the TRICOR garage driveway, to be picked up by Mr. Hayes.

Mr. Knipfer stated that his plan was for the stolen state car to be sold and the money to be split among himself, Ms. Newman, and Mr. Hayes. Mr. Knipfer also implicated Mr. Arnold, the TRICOR garage manager, saying that for a payment of \$500, Mr. Arnold agreed to be absent from the TRICOR garage when the state car was taken.

At the request of the IAD and CID investigators, on July 22, Mr. Knipfer called Ms. Newman and asked her to provide him another bogus car title. Ms. Newman agreed to fabricate a bogus car title. Mr. Knipfer then gave her the vehicle identification number of a current Tennessee Highway Patrol vehicle. Later that day, about 12:30 p.m., Ms. Newman delivered the bogus car title to him at a location near the TRICOR garage. When the investigators determined that

Mr. Knipfer had received the bogus car title from Ms. Newman, they arrested Ms. Newman for forgery and secured the bogus title document.

Involvement of Other Individuals in the Theft of the State Car

Ms. Newman admitted that she had initiated the creation of two bogus car titles, obtained them, and provided them to Mr. Knipfer. She said that she created the first bogus car title to obtain money and the second to aid Mr. Knipfer in his escape.

Ms. Parrigin acknowledged that she was in Ms. Newman's car when Ms. Newman provided the first bogus car title to Mr. Knipfer, and also that she rode with Mr. Knipfer and Ms. Newman from the Shoney's parking lot on White Bridge Road to the TRICOR garage.

The auditors attempted to interview both Ms. Newman and Ms. Parrigin to obtain additional information about the creation of bogus vehicle titles, but they declined to be interviewed. Mr. Hayes refused to talk with the investigators without the presence of an attorney. When the investigators recontacted Mr. Hayes, he again declined to be interviewed about his role in the theft of the state car. Mr. Arnold denied that he was involved in any way with the theft of the state car by Mr. Knipfer.

The investigators later determined that Ms. Newman had issued a third bogus title, this time to Mr. Hayes. The title issuance was not supported by any documentation. The computer records established that the transaction was initiated through the use of Ms. Newman's computer identification number. The Title and Registration Division revoked all three bogus vehicle titles and also corrected its computer records.

THEFT OF THREE TRACTORS FROM TENNESSEE STATE UNIVERSITY

Mr. Knipfer told the investigators that Mr. Arnold had participated in the theft, repair, and sale of three tractors from Tennessee State University (TSU) in Nashville. According to Mr. Knipfer, Mr. Arnold arranged with two TSU employees to obtain three TSU tractors. Mr. Knipfer said that Mr. Arnold then used inmate labor to repair and paint the tractors and that he later sold two of the stolen tractors. Mr. Knipfer said that Mr. Arnold was in the process of giving the remaining TSU tractor to a friend, Ms. Kaye Tittle.

The investigators subsequently identified the two TSU employees as Mr. William "Bubba" Malone, a TSU Horticulture Technician; and Mr. Jeffrey Hillsman, the TSU Superintendent of Farm Property and Mr. Malone's direct supervisor. Mr. Malone initially told the investigators that he had sought and obtained permission from a "Frank Ballard" to bring the obsolete tractors to the TRICOR garage to be used for parts. The investigators later determined that Frank Ballard was in fact Mr. Frank Battle, the TSU Director of Purchasing and Business Services. Mr. Battle's name will be used hereinafter.

Mr. Malone stated that he and Mr. Hillsman loaded the TSU tractors and that he alone delivered the TSU tractors to the TRICOR garage. Mr. Malone admitted that he received \$4,000 from Mr. Arnold and that he paid Mr. Hillsman \$1,000. Mr. Malone acknowledged that he did not turn over any of the proceeds from the sale of the TSU tractors to TSU. Mr. Malone further admitted that Mr. Battle had not given him authority to sell the TSU tractors, as he had earlier stated. Mr. Malone acknowledged that Mr. Battle had not known about his scheme and had not received any consideration for the sale of the TSU tractors.

Mr. Hillsman told the investigators that there were several junk TSU tractors that he assumed were “off the inventory” in a dump pile at TSU. He said that apparently Mr. Malone and Mr. Arnold had discussed Mr. Arnold acquiring the TSU tractors. He said that he only assisted Mr. Malone in extracting the TSU tractors from the mud.

Mr. Hillsman acknowledged that he knew it was against TSU policy for TSU employees to obtain or sell TSU property, even items intended for surplus or earmarked for destruction. Initially, Mr. Hillsman told the investigators that he had received “maybe fifty dollars or something like that” for his assistance in extracting the TSU tractors from the mud. He also stated that he did not know what had happened to the tractors.

However, in a second interview, Mr. Hillsman provided a different account. He acknowledged that he had lied to the investigators. He admitted that he knew that Mr. Malone was going to be paid for the TSU tractors. He also acknowledged that he personally had received \$1,000 (instead of \$50) from Mr. Malone for his part in obtaining the TSU tractors.

Mr. Battle wrote a memorandum, dated August 1, 1997, to Mr. Arthur Lawson, the TSU Director of Safety and Security. In that memorandum, Mr. Battle directly stated that no faculty, staff, or employee of TSU had the right to remove any property from university premises, regardless of the property’s condition, or to remove and dispose of property for personal gain. Moreover, Mr. Battle stated that he had not authorized or given verbal permission to any TSU employee to remove property from university premises without following established procedures.

Mr. Arnold told the investigators that an individual named Bubba (Mr. Malone) had approached him about buying TSU tractors. He said that he had double-checked with Mr. Malone’s supervisor, Mr. Hillsman, about whether it was appropriate to buy the TSU tractors and that Mr. Hillsman had told him that the TSU tractors were “okay” to buy. However, Mr. Hillsman recalled that Mr. Arnold “maybe” had asked if the TSU tractors were “off inventory” and that he had responded that he was “pretty sure” they were.

Mr. Arnold said that because he didn’t have the money to buy the TSU tractors, he contacted Ms. Tittle. He said that he found that she was interested in purchasing the TSU tractors. Mr. Arnold stated that Ms. Tittle paid him \$1,000 to buy parts for the TSU tractors and that she also paid Mr. Malone \$4,000 by check for the purchase of the three TSU tractors. Mr. Arnold said that he was the one who gave the \$4,000 check to Mr. Malone.

Mr. Arnold acknowledged that he used inmate labor to repair and paint the TSU tractors at the TRICOR garage. Although he asserted that he had paid for the parts and supplies himself, Mr. Arnold could not produce any receipts. Mr. Arnold further stated that two of the three TSU tractors had been sold, for \$2,500 and \$3,500, respectively. Mr. Arnold asserted that he did not receive any of the proceeds from the sale of the TSU tractors.

The investigators identified Mr. Charles Briley as the inmate who worked on the TSU tractors at the TRICOR garage. Mr. Briley told the investigators that he painted two of the TSU tractors, patched a tire tube, and filled the tractor tires with air. He said that he did this work at the direction of Mr. Arnold. He also admitted that he, Mr. Arnold, and Mr. Knipfer obtained parts for the TSU tractors from the State's Surplus Property facility (administered by the Department of General Services). Mr. Briley further stated that his brother, Mr. Paul David Briley, and his uncle, Mr. Dean Maulden, "probably" bought the two TSU tractors that had been sold.

Ms. Tittle confirmed Mr. Arnold's account. She stated that Mr. Malone had represented to her that the TSU tractors were "junk" tractors. She said that she agreed to buy all three TSU tractors from Mr. Malone. She stated that she cashed a credit card convenience check for \$5,000 to charge the tractors to her credit card. She confirmed that she had paid Mr. Malone with a cashier's check in the amount of \$4,000 for the three TSU tractors. She also confirmed that she had given Mr. Arnold \$1,000 cash for tractor parts. She further confirmed that Mr. Arnold had the TSU tractors repaired at the TRICOR garage and that two of the TSU tractors were resold to third parties, for \$2,500 and \$3,500, respectively.

Ms. Tittle explained that she did not think that she had done anything wrong. She told the investigators that her plan was to buy the three junk TSU tractors, have Mr. Arnold repair them, sell two of the tractors to recover all her costs, and use the third tractor herself.

Ms. Tittle provided a written statement, dated August 4, 1997, regarding her purchase of the three TSU tractors. Her written statement confirmed her interview statements. The investigators obtained a copy of Ms. Tittle's credit card convenience check in the amount of \$5,000, which she cashed to pay for the tractors; her check to Mr. Malone for \$4,000; a bill of sale, signed by a "Dave Briley, buyer," for \$2,500; and a cashier's check for \$3,500. The cashier's check identified the buyer as a "Dean Maulden."

Mr. Briley provided a written statement, dated September 2, 1997. He stated that he had purchased a tractor for \$2,500 from Ms. Tittle. He also stated that he had picked up the tractor from Mr. Arnold and Ms. Tittle at the TRICOR garage on a Saturday morning. Mr. Briley further stated that Ms. Tittle was the one who wrote out the bill of sale.

The investigators were unable to locate Mr. Maulden; therefore, an interview with him was not conducted.

The investigators recovered the TSU tractors from Mr. Briley and Mr. Maulden, respectively. The investigators found the third TSU tractor at the TRICOR garage. The investigators returned all three TSU tractors to TSU.

THEFT OF TWO USED ENGINES AND A USED GENERATOR

Mr. Knipfer said that the TRICOR garage had entered into a contract to refurbish 15 bookmobiles (Chevrolet 630 vans) for the state's regional libraries. He explained that the refurbishing included, in some cases, replacing engines and generators.

Mr. Knipfer admitted that he had sold one used engine to Mr. Eric Scott Empson for about \$300, arranged the sale of a second used engine to Mr. Empson for \$300, and sold a used generator through an advertisement in the *Trader's Post* for \$350. Mr. Knipfer stated that Mr. Arnold, the TRICOR garage manager, knew about his improper activities in advance, authorized him to sell these items, participated in the sale of the second used engine for \$300, and received \$155 from Mr. Knipfer for the sale of the used generator.

Mr. Knipfer stated that his wife met him at the TRICOR garage after hours with his pickup truck and that they loaded a used engine and a used generator onto his truck. He said that his wife carried them to their house in Shelbyville. According to Mr. Knipfer, Mr. Empson placed the used generator in Mr. Knipfer's garage and offloaded the used engine at his (Mr. Empson's) facility. Mr. Knipfer indicated that the price for the used engine was \$250 or \$300 and that Mr. Empson was making payments to him for it.

With regard to the sale of the second used engine, Mr. Knipfer stated that he had originally arranged with both Mr. Arnold and Mr. Empson to meet at the TRICOR garage to conclude the sale on a Saturday. However, Mr. Knipfer said that Mr. Arnold did not make arrangements for him (Mr. Knipfer) to be brought to the TRICOR garage from the Nashville Community Service Center that Saturday as planned. Instead, Mr. Arnold alone conducted the sale of the used engine to Mr. Empson. Mr. Knipfer explained that his understanding was that Mr. Empson and Mr. John Hurt, a friend of Mr. Empson's, met Mr. Arnold at the TRICOR garage that Saturday. Mr. Knipfer said that he understood that Mr. Empson paid Mr. Arnold \$300 in cash for the used engine. Mr. Knipfer said that Mr. Arnold, Mr. Empson, and Mr. Hurt loaded the used engine onto Mr. Empson's truck and that Mr. Empson and Mr. Hurt left. On July 22, Mr. Knipfer provided a written statement to the investigators about his role in arranging this sale.

In a written statement to investigators, dated July 23, 1997, Mr. Empson confirmed that he and Mr. Hurt had met Mr. Arnold at the TRICOR garage on a Saturday and that he had paid Mr. Arnold \$300 in cash for a used engine. In contrast to Mr. Knipfer's version of events, Mr. Empson asserted that it was Mr. Hurt who paid the \$300 in cash, not himself. The investigators stated that Mr. Hurt was out of state; therefore, they were unable to interview him about this matter. However, the investigators recovered the used engine, still packaged in a wooden crate (as described by Mr. Knipfer and Mr. Empson) from Mr. Hurt's wife.

When interviewed, Mr. Arnold denied that he had ever participated in the theft and sale of TRICOR garage parts.

IMPROPER USE OF INMATE LABOR AND THEFT OF VEHICLE PARTS

Four of the inmates interviewed—Mr. Charles Briley, Mr. Raymond Davis, Mr. Donald Knipfer, and Mr. Ronnie Vincent—admitted working on private vehicles at the TRICOR garage. Three of the four inmates stated that Mr. Arnold directed them to do this work. The vehicles involved included cars, trucks, and a motor boat trailer. A fourth inmate admitted making minor repairs to vehicles belonging to TRICOR garage state employees, but he did not implicate Mr. Arnold. These repairs included fixing flats and replacing headlights and fuses. Mr. Davis stated that he had painted Mr. Arnold's truck at the TRICOR garage for \$100.

One inmate also admitted stealing four tires from the trunks of surplus Tennessee Highway Patrol vehicles and selling them for \$10 each. These vehicles were at the TRICOR garage to be readied for public auction. Furthermore, a private individual who owned an industrial sales company admitted bringing his lawn mower to the TRICOR garage to be "adjusted" by an inmate. He said this work was done without Mr. Arnold's knowledge and that when Mr. Arnold discovered the lawn mower, he adamantly insisted that it be immediately removed from the TRICOR garage.

Mr. Percy Blue, the TRICOR Store Manager, acknowledged that Mr. Arnold and an inmate had worked on vehicles belonging to him and his girlfriend. Mr. Blue stated that he paid \$20 for one repair job on his girlfriend's Honda Civic, but that he could not recall to whom he gave the money.

As noted in the section on the theft of three TSU tractors, Mr. Arnold admitted using inmate labor to repair and paint two of the three TSU tractors he had acquired. Mr. Arnold contended that he had purchased the parts and supplies. Mr. Arnold did acknowledge that a tractor starter purchased by the state had been placed on one of the TSU tractors without his knowledge and stated that he would be willing to pay for the starter. However, as noted above, Mr. Arnold denied any involvement in the theft or sale of TRICOR garage parts. He also denied authorizing, or knowing about, inmates working on private vehicles.

During their review, the investigators also received information that Mr. Hayes had received stolen property from the TRICOR garage, specifically, tires and Freon. When the investigators visited Mr. Hayes, they obtained from him a written consent to search his premises and to take items they deemed pertinent to their investigation. During their search, the investigators seized a red Murray riding lawn mower, eight car tires, and a 30-pound metal container of Freon. Mr. Hayes could not tell the investigators from whom he had purchased these items, nor could he produce receipts for them. In addition, the serial number on the lawn mower had been removed. As noted above, when asked about these items and other matters, Mr. Hayes refused to talk to the investigators without his attorney present. When Mr. Hayes was contacted later, he again declined to be interviewed.

SUBMISSION OF FALSE CLAIMS TO LAIDLAW, INC.

The investigators received information that Mr. Arnold and Ms. Moses had submitted false claims to Laidlaw Environmental Services of Nashville, Inc. (hereinafter referred to as Laidlaw). In a report dated October 10, 1995, Mr. Arnold stated that when he arrived at the TRICOR garage on October 10, 1995, he noticed "what appeared to be a white powder substance on the vehicles" and he then contacted Laidlaw. According to Mr. Arnold, a Laidlaw official confirmed that a pipe had broken during the night and agreed that Laidlaw would pay for any damages.

The law firm retained by Laidlaw wrote a letter to the Office of Legal Counsel, Department of Correction, dated January 18, 1996. According to that letter, a Laidlaw official confirmed that Laidlaw was responsible for the inadvertent release of lime about 2:00 a.m. on October 10, 1995, and that Laidlaw subsequently agreed in writing to pay up to \$5,000 for all damage to the vehicles caused by the lime. The letter stated that Mr. Arnold had submitted invoices to Laidlaw evidencing the nature and cost of washing, buffing, and repairing ten vehicles. The letter further stated that Laidlaw had received information that the invoices were either inflated or otherwise false in some material respect.

Mr. Arnold had submitted the invoices in question. Mr. Arnold also had submitted an affidavit signed by him and dated December 13, 1995. In that affidavit, Mr. Arnold confirmed that ten vehicles had been damaged and that the invoices had been paid. The attachment to Mr. Arnold's affidavit detailed repair work totaling \$3,624.19.

TRICOR responded on April 2, 1996, in writing to the January Laidlaw letter. In that letter, TRICOR concluded that all the invoices were for repairs related to the lime spill and that the itemized costs were incurred and were reasonable. No further correspondence between Laidlaw and TRICOR was in the investigative files.

Mr. Arnold billed Laidlaw \$974.18 for painting his 1979 Ford truck. To pay for this paint job, Laidlaw wrote check number 954010, dated December 22, 1995, in the amount of \$974.18 to Highway 70 Paint & Body Shop.

During the investigators' interview with Mr. Arnold on August 5, 1997, he admitted that his truck had not been painted by Highway 70 Paint & Body Shop. He also acknowledged that the invoice was not a true invoice but only an "estimate." He further admitted that he had received the bulk of the proceeds of the Laidlaw check (about \$800 of the \$974.18) and that an employee of the paint and body shop had retained the remaining money as payment for preparing the "estimate."

The paint and body shop employee who prepared the invoice was Mr. Tom Tittle, the son of Ms. Kaye Tittle. Mr. Tittle provided contradictory statements to the investigators regarding whether he had painted Mr. Arnold's truck. In two instances he stated that he did paint Mr. Arnold's truck, but in one instance he denied that he had painted the truck.

With reference to claims submitted by Ms. Moses, the available evidence was inconclusive and conflicting. Ms. Moses had submitted a claim to Laidlaw in the amount of \$272.79 for repair work to her vehicle. In a February 15, 1996, memorandum, Ms. Moses contended that her car was present at the TRICOR garage location and had been damaged by the lime. She stated that she had parked her car there while she traveled in a state vehicle to Fort Pillow (now Cold Creek Correctional Facility). Motor Vehicle Management Division records show that Ms. Moses used a state-owned Jeep Cherokee to drive to Cold Creek Correctional Facility, leaving October 10, 1995, and returning October 13, 1995. However, in an interview on July 28, 1997, Mr. Jones, another TRICOR state employee, stated that Ms. Moses' car was not present at the TRICOR garage during the time of the lime spill.

Because this is a situation of one person's word against another, and because there is an absence of corroborating evidence, there is insufficient evidence to conclude that Ms. Moses' car was not at the TRICOR garage location at the time of the lime spill.

ADMINISTRATIVE ACTION

Tennessee Rehabilitative Initiative in Correction

Mr. Jerry Arnold

By hand-delivered letter dated August 25, 1997, Ms. Patricia Weiland, the TRICOR Executive Director, informed Mr. Arnold, the TRICOR garage manager, that she intended to terminate his employment with TRICOR because of gross misconduct and conduct unbecoming an employee in state service. The letter also stated that Mr. Arnold had the right to present written statements, witnesses, or any information that might affect her final decision at a due process hearing. The letter further stated that if Mr. Arnold wished to avail himself of this right, he needed to contact TRICOR no later than August 29, 1997. Moreover, the letter stated that if Mr. Arnold declined the opportunity for a due process hearing, Ms. Weiland's decision to terminate him would become final. Mr. Arnold did not contact TRICOR to avail himself of his right to a due process hearing. Thus, his termination would have become final on August 29, 1997.

However, on September 2, 1997, Mr. Arnold's attorney sent a letter of official appeal of Mr. Arnold's termination to Ms. Weiland. Ms. Weiland conducted a fourth-step grievance hearing on October 15, 1997. After considering the evidence presented, Ms. Weiland upheld Mr. Arnold's termination. In a letter dated November 13, 1997, Ms. Weiland informed Mr. Arnold of her decision to uphold his termination and of his right to appeal her decision to the fifth step of the grievance procedure. The letter stated that Mr. Arnold had 30 days to appeal the decision. On December 11, 1997, Mr. Arnold's attorney notified the Civil Service Commission of his decision to appeal to the fifth step of the grievance procedure. According to Department of Personnel staff, Mr. Arnold never formally filed a fifth step grievance prior to the 30-day limitation. Further, Mr. Arnold's personnel file did not contain any information pertaining to an appeal.

Ms. Vickie Moses

By letter dated July 25, 1997, Ms. Weiland placed Ms. Moses, the TRICOR general manager for farms, on administrative leave with pay, effective July 24, 1997. By letter dated July 29, 1997, Ms. Weiland terminated Ms. Moses' employment because of continuing problems in areas under her supervision. According to the letter, because Ms. Moses was an executive service employee, she did not have the right to appeal the decision. The letter further stated that Ms. Moses would receive a lump-sum payment for her accrued annual leave hours in the amount of \$2,856.75. Ms. Moses was issued this payment on August 15, 1997.

Mr. Wilton Hand

By letter dated July 1, 1997, Ms. Weiland informed Mr. Wilton Hand, a TRICOR Correctional Industries Supervisor 5, that a reduction-in-force (RIF) had affected his position. The reasons given for the RIF were shortage of funds and changes in TRICOR's organizational structure. Thus, Mr. Hand was in RIF status prior to the closure of the TRICOR garage in late July 1997.

According to Ms. Weiland's letter to Mr. Hand, the expiration of his executive service appointment was at the close of business on July 31, 1997. The letter further stated that because he was an executive service employee, he did not have any bumping or retreating rights and the action could not be appealed.

Mr. Hand's executive service appointment expired on July 31, 1997.

Mr. Jesse O'Neal Jones

By letter dated July 15, 1997, Ms. Weiland informed Mr. Jesse O'Neal Jones, a TRICOR Correctional Farm Crew Leader 2, that a reduction-in-force (RIF) had affected his position. As stated above, the reasons given for the RIF were shortage of funds and changes in TRICOR's organizational structure. Thus, Mr. Jones was in RIF status prior to the closure of the TRICOR garage in late July 1997.

Ms. Weiland's letter to Mr. Jones stated that he had the right to "retreat" to the position of Correctional Farm Crew Leader 1 at Turney Center, a correctional facility, and that he had seven calendar days to accept or decline the offered position. Mr. Jones did not accept the offered position. Mr. Jones then was provided 90 days of employment. However, before the expiration of his 90 days, Mr. Jones applied for sick leave. According to TRICOR records, Mr. Jones' sick leave was exhausted on August 14, 1998. He was officially separated as a state employee on August 17, 1998. According to statute, inactive employees are to be separated the day following the last day that they were paid for.

Department of Safety

Ms. Pam Newman

By letter dated July 29, 1997, Mr. Mike C. Greene, the Commissioner of the Department of Safety, terminated the employment of Ms. Newman, effective July 28, 1997. The reason for termination was job abandonment because Ms. Newman did not report for duty and failed to contact anyone at the Department of Safety about her whereabouts for three consecutive days. Ms. Newman did not appeal her termination.

Ms. Patsy Parrigin

By letter dated July 24, 1997, Commissioner Greene placed Ms. Parrigin on administrative leave with pay, effective July 23, 1997, at 3:30 p.m., pending the results of the investigation. By letter dated August 25, 1997, Mr. Jim Horner, Assistant Director, Department of Safety, informed Ms. Parrigin that he was considering recommending that her employment with the department be terminated for gross misconduct and for the good of the service. Ms. Parrigin was afforded a due process hearing scheduled for September 3, 1997, which she attended. By letter dated September 16, 1997, Commissioner Greene terminated the employment of Ms. Parrigin, effective September 26, 1997. Ms. Parrigin did not appeal her termination.

Ms. Kim Shumaker

The investigation revealed that a third Title and Registration employee, Ms. Kim Shumaker, Exam Clerk 2, was present with Ms. Newman and Ms. Parrigin on July 2, 1997; however, she had been dropped off at a Texaco station while Ms. Newman was making contact with Mr. Knipfer. The investigators concluded that Ms. Shumaker had no personal knowledge of or involvement with the manufacture and handing over of bogus car titles. However, the investigators also determined that Ms. Newman had told Ms. Shumaker enough information concerning the bogus car title that Ms. Shumaker should have discussed the matter with her supervisors. By letter dated September 2, 1997, Ms. Martha Irwin, Director of the Title and Registration Division, issued a written warning to Ms. Shumaker. Ms. Shumaker did not appeal her written warning.

Tennessee State University

Mr. Jeffrey Hillsman and Mr. William Malone

By individual letters dated August 12, 1997, Dr. James A. Hefner, President, Tennessee State University (TSU), terminated the employment of Mr. Hillsman and Mr. Malone for gross misconduct for the theft of TSU property. According to information provided by TSU, both Mr. Hillsman and Mr. Malone verbally requested hearings. TSU then named Mr. Mark Mays, a TSU Equal Opportunity Specialist, as their hearing officer.

On September 12, 1997, Mr. Mays sent Mr. Hillsman and Mr. Malone individual letters by certified mail. In those letters, Mr. Mays informed them that they had the right to representation by an attorney and that failure to respond to him within five business days could result in a default

judgment against them. Neither Mr. Hillsman nor Mr. Malone responded to Mr. Mays within the stipulated five-day period.

On September 29, 1997, Mr. Mays sent Mr. Hillsman and Mr. Malone individual letters, again by certified mail. In those letters, Mr. Mays informed them that he was prepared to render a default order against them. A default order means that an individual loses his or her claim by failure to respond to the hearing officer and therefore the manner in which the individual was released from employment is unchallenged. According to Ms. Anita J. Jenious, the Director of TSU's Equal Opportunity and Affirmative Action Office, Mr. Mays entered a default judgment against Mr. Hillsman and Mr. Malone because they did not respond within the stipulated time frame.

According to Ms. Jenious, both Mr. Hillsman and Mr. Malone later contacted her and each claimed that he had not received notification of the hearing. However, Ms. Jenious said that the letters had been sent certified mail and appropriate notice had been left for each individual to pick up his letter at his assigned post office by the postal carrier. She stated that the problem was not that they did not receive the letters, but that upon receiving notification from the post office that certified mail was being held for them, they did not then go to the post office to pick up their letters from TSU.

On October 8, 1997, Ms. Jenious notified Mr. Hillsman and Mr. Malone by individual letters that they had failed to respond to the notice of appeal in a timely manner. She also notified them that the hearing officer had the authority to file a default judgment against them after considering the evidence and that she concurred with the hearing officer's findings of a default judgment.

Because Mr. Hillsman and Mr. Malone were terminated for gross misconduct, they forfeited all their accrued unpaid annual leave, pursuant to *Tennessee Code Annotated*, Section 8-50-807 (d). Thus, Mr. Hillsman forfeited 330.0 hours of annual leave, or \$5,794.80, and Mr. Malone forfeited 268.2 hours of annual leave, or \$2,665.91. Mr. Hillsman had been a TSU employee since 1982 and Mr. Malone had been a TSU employee since 1980.

According to Ms. Margaret Wade, TSU Director of Human Resources, there has been no further contact with Mr. Hillsman or Mr. Malone. She further stated that neither Mr. Hillsman nor Mr. Malone appealed their terminations.

INTERNAL CONTROL ISSUES

Central Garage, Tennessee Rehabilitative Initiative in Correction

As detailed above, the TRICOR garage had the following three material internal control weaknesses. First, garage staff failed to control access to the keys to the vehicles. Second, garage staff failed to appropriately control the inventories of purchased parts, parts belonging to the vehicles brought to the TRICOR garage, and used parts removed from these vehicles in the repair

process. Third, garage staff failed to ensure that work was not performed on private vehicles. As a result, based on presently available information, an inmate was able to obtain a car key and steal a state car; new and used parts, as well as parts belonging to the vehicles brought to the TRICOR garage, were stolen; and inmates and state employees worked on private vehicles.

Title and Registration Division, Department of Safety

Computer Controls

Because an Exam Clerk 2 in the Title and Registration Division initiated the production of a bogus car title, obtained the title, and provided it to an inmate, Division of State Audit staff reviewed the internal controls over the issuance of vehicle titles. The review disclosed that Ms. Newman, the employee in question, circumvented division controls to manufacture a bogus application. She ensured that another division employee, who was not aware the application information was bogus, entered the data into the computer so as to hide her participation. She then printed the bogus car title at a nearby printer. The following factors allowed Ms. Newman to create, obtain, and pass on bogus car titles: (a) the distribution of computer terminals, filming machines, and printers throughout the Title and Registration Division work areas; (b) the high volume of transactions, including transactions correcting previously entered data; and (c) the ability of division exam clerks to add and delete data fields (necessary for them to process vehicle titles).

The computer records show that Ms. Newman, using her assigned computer identification code, also deleted information from the computer database in an attempt to prevent someone from tracing the ownership of the stolen car back to the State of Tennessee. However, because the division retained all computer transactions for a period of time as a routine security measure, Ms. Newman's attempts to destroy information were recorded and thus available for analysis.

Analysis of the internal controls for the Title and Registration computer system disclosed that the existing internal controls would not detect the creation of bogus titles. This is because of the volume of title and registration transactions, the nature of the transactions, and the number of employees with data entry and data change capability. Thus, division management should focus on strengthening preventive and detective controls by ensuring the existence of clear written policies and procedures that prohibit unauthorized tampering with title and registration data; effective training for all division staff; and retention of computer transactions for post-audit purposes.

Failure of Department to Obtain Forfeiture of Accrued Annual Leave

Tennessee Code Annotated, Section 8-50-807 (d), requires the automatic forfeiture of accrued unpaid annual leave of state employees who have been terminated for gross misconduct. However, it should be noted that neither Ms. Newman nor Ms. Parrigin was required to forfeit accrued unpaid annual leave, although their actions fit the definition of gross misconduct. "Gross misconduct" is defined in State Department of Personnel Rule 1120-1-.01 (42) as "any job related conduct which may subject an employee to criminal prosecution."

Although Ms. Newman had been arrested by Department of Safety investigators in the act of providing a bogus car title to Mr. Knipfer, and although she had been charged with forgery, she was not terminated for gross misconduct. Instead, she was dismissed for job abandonment because she failed to return to work for three consecutive days after her arrest. Because she was terminated for job abandonment, not gross misconduct, the department authorized payment to her for her accrued annual leave. The department paid Ms. Newman for a total of 56.7 hours of accrued annual leave, at a cost of \$519.86. Management's decision to terminate Ms. Newman for job abandonment rather than gross misconduct obviously downgraded the seriousness of her misconduct and also allowed her to be paid for her accrued annual leave.

Ms. Parrigin was terminated by the department "for conduct unbecoming a state employee and for the good of the service." Gross misconduct was one of the aspects specifically cited in the Commissioner's letter. However, the letter also clearly stated, in its first paragraph, that she would be paid for any annual and compensatory time she had accrued. Thus, based on the language in the letter, the department terminated Ms. Parrigin for gross misconduct, among other improper activities, but then failed to comply with the statutory requirements of *Tennessee Code Annotated*, Section 8-50-807 (d), to forfeit her accrued annual leave. The department paid Ms. Parrigin for a total of 197.0 hours of accrued annual leave, at a cost of \$1,685.22.

Weak Controls Over Movable Property, Tennessee State University

The theft of three TSU tractors was not detected by TSU staff but by investigators attempting to solve a car theft case at the TRICOR garage. Clearly, equipment categorized as obsolete should be properly secured and promptly disposed of. Moreover, it would appear appropriate for TSU staff to consider the cost/benefit of surplus versus repairing or refurbishing university equipment.

REFERRAL TO THE DISTRICT ATTORNEY GENERAL

The Criminal Investigations Division, Department of Safety, referred the matters discussed in this report to the Office of the District Attorney General, Twentieth Judicial District (Davidson County), on August 8, 1997. According to District Attorney General Staff, as of January 12, 2000, four individuals have been indicted; three indictments were served, and a fourth is pending. A detailed explanation of each indictment follows.

Donald Knipfer

Mr. Knipfer is currently serving time in a prison in Kentucky. He has been indicted, but he has not yet been served because the District Attorney General is awaiting his extradition from Kentucky to Tennessee.

Jerry Arnold

According to an Assistant District Attorney General, Mr. Arnold pled guilty in Case Number 98-A-17 to conspiracy to commit theft of property, theft of property, and official misconduct and received a sentence of six years. He also pled guilty in Case Number 98-D-2508 to official misconduct and received a sentence of two years. The sentences will run consecutive to each other for a total sentence of eight years. The court suspended Mr. Arnold's sentence, and he was placed on probation for the eight-year period. In addition to his probation, Mr. Arnold has to pay a \$5,000 fine and restitution.

Vernon "Woody" Hayes

Mr. Hayes was indicted, but all charges have been dropped because he has since passed away.

Pamela Newman

According to an Assistant District Attorney General, Ms. Newman pled guilty to conspiracy to commit theft of property, theft of property, and two counts of forgery and official misconduct. On February 10, 2000, Ms. Newman was sentenced to three years of probation and the judge specified that her record may not be expunged.

RECOMMENDATIONS

The review resulted in the following recommendations:

1. Because the TRICOR garage was closed in late July 1997, the issues relating to the control of keys, vehicles, new and used parts, and work on personal vehicles became moot. However, should plans arise to reopen the TRICOR Central Garage or to open another TRICOR garage, TRICOR management should develop, implement, and monitor written policies and procedures that ensure the appropriate protection and security of keys, vehicles, and new and used parts. In addition, the written policies and procedures should specifically prohibit any use of state employees or inmates to work on personal vehicles.
2. The Title and Registration Division should develop, implement, and monitor written policies and procedures regarding the data entry and data change capabilities of its exam clerks. The division should limit authority to perform data maintenance transactions on the Title and Registration System to supervisory personnel. Maintenance transactions were designed into the system to enable correction or deletion of inaccurate records. Users of these transactions could alter records outside of the depart-

ment's standard procedures. Management should closely monitor usage of these transactions on a daily basis. The division should provide written communication to all staff that specifically prohibits unauthorized tampering with title and registration data and that clearly states that the detection of such tampering will result in termination and prosecution. Moreover, the division should retain computer transaction data for post-audit purposes.

3. Tennessee State University should establish policies, procedures, and practices that ensure the prompt disposal of obsolete equipment and other items. The university should appropriately secure such items from theft or damage. Further, the university should assess the possibility of repairing supposedly obsolete equipment before categorizing it as surplus.