

**Department of Transportation
Region 3 Maintenance Garage (Nashville)**

**Review of the Improper Disposal of an
Automobile Lift and Misuse of Garage
Facilities and Equipment**

May 1999

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STATE OF TENNESSEE
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John G. Morgan
Comptroller

May 11, 1999

The Honorable Don Sundquist, Governor
and

Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

and

The Honorable J. Bruce Saltsman, Sr., Commissioner
Department of Transportation
700 James K. Polk Building
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is a special report on the Division of State Audit's review of allegations that Department of Transportation Region 3 (Nashville) garage employees improperly disposed of a surplus automobile lift, improperly repaired non-state vehicles at a state garage, and damaged a state-owned forklift during the repair of a non-state vehicle. In January 1999, audit staff reviewed these allegations in collaboration with Department of Transportation (DOT) Internal Audit staff.

DOT Region 3 garage management had deemed the hydraulically operated lift unsafe to operate because of excessive wear and removed it from service in May 1998, citing prohibitive repair costs. The auditors determined that Mr. Tom Herlein, Garage Superintendent, and Mr. Dwight Olmstead, Equipment Mechanic 2 (one of three mechanic supervisors), circumvented surplus property disposal procedures, and arranged for a private citizen to remove the automobile lift from the garage on January 5, 1999. Mr. Olmstead, at the direction of Mr. Herlein, had arranged with Tow Masters, Inc., owned by Mr. Mike Copeland, to dispose of the automobile lift. Mr. Copeland obtained the lift and made preparations to install it at his wrecker service facility in Nashville.

In addition, Mr. Richard Halliburton, DOT Procurement Officer 2, acknowledged that he provided his supervisor, Mr. Herlein, incorrect information when questioned about the appropriate procedures for disposal of the automobile lift. Mr. Halliburton said that he told Mr. Herlein that the lift did not have a fixed asset tag and was not on his property list. When Mr. Herlein

asked, "What if it [the lift] gets gone?" both Mr. Herlein and Mr. Halliburton agreed that Mr. Halliburton told Mr. Herlein, "it's not in my inventory and it's not my concern." State policy provides that the property officer of the agency (in this case, Mr. Halliburton) is to notify the Department of General Services when property has been declared surplus. Then, General Services staff inspect the property and determine the appropriate disposal method.

The auditors also determined that Mr. Herlein, Mr. Olmstead, Mr. Halliburton, and five other DOT Region 3 employees had repaired non-state (personal) vehicles at the DOT Region 3 garage during non-work hours. The other DOT employees involved were Mr. Herlein's supervisor, Mr. Stan Workman, Operations Specialist Supervisor 2, and four Equipment Mechanic 1's: Mr. Stoney Cleghorn, Mr. Thomas Jackson, Mr. John McGill, and Mr. Randy Siebert. Nine personal vehicles were repaired at the DOT Region 3 garage. Those vehicles belonged to Mr. Herlein, Mr. Herlein's wife, Mr. Herlein's son, Mr. Olmstead, Mr. Halliburton, Mr. McGill, Mr. Workman, Ms. Judy Cron (DOT Right of Way Clerk 3), and Ms. Jerri Holland (DOT Administrative Services Assistant 2). Moreover, the four mechanics received cash payments, ranging from \$5 to \$30, for their work from the owners of three of the nine non-state vehicles.

Mr. Jackson, at Mr. Herlein's request, helped Mr. Herlein repair his (Mr. Herlein's) wife's automobile at the DOT Region 3 garage in November 1998. Mr. Herlein paid Mr. Jackson \$10 for his assistance. The other two owners of vehicles repaired at the DOT Region 3 garage, Ms. Judy Cron (DOT Right of Way Clerk 3) and Ms. Jerri Holland (DOT Administrative Services Assistant 2), were assigned to the DOT Region 3 Administration Building, adjacent to the garage. On separate occasions, Ms. Cron and Ms. Holland asked Mr. Herlein if he could arrange for DOT Region 3 garage mechanics to repair their personal vehicles. Mr. Herlein made arrangements for Mr. Cleghorn, Mr. McGill, and Mr. Siebert to use DOT Region 3 garage equipment and facilities to repair Ms. Cron's and Ms. Holland's vehicles. Ms. Holland provided cash to Mr. Herlein, who paid the two mechanics for the repairs to her vehicle. Ms. Cron personally paid two mechanics on one occasion. On another occasion, she provided cash to Mr. Herlein, who paid the mechanics.

The auditors also determined that a DOT Region 3 forklift had been slightly damaged during the repair of a non-state vehicle in the DOT Region 3 garage. Mr. Herlein acknowledged that while he was using the forklift to facilitate the repair of his son's automobile, a hydraulic fitting on the forklift was broken and the forklift was rendered inoperable.

Initially, Ms. Cron denied that she had approached Mr. Herlein about repairing her car, that her car had been repaired at the DOT Region 3 garage, that she had personally paid mechanics for their work on her car, or that she had given Mr. Herlein money for him to pay the mechanics. Later, Ms. Cron admitted that she had lied, that her car had been repaired at the garage, and that she had in fact done the acts cited above. Ms. Cron signed an affidavit to that effect.

Similarly, Mr. Siebert initially stated to the auditors that he did not know about the repair of any non-state vehicles at the DOT Region 3 garage other than the vehicle owned by Mr. Herlein's son and denied working on any non-state vehicles at the DOT Region 3 garage. Later, he admitted that he had lied to the auditors and that he had in fact worked on Ms. Holland's personal vehicle at the DOT Region 3 garage and that he had received \$5 from Ms. Holland for his work. Mr. Siebert signed an affidavit acknowledging his false statement, his work on Ms. Holland's personal vehicle, and the payment he received for the work.

At the request of DOT Region 3 management, the automobile lift was returned by Tow Masters, Inc., to the DOT Region 3 garage on January 15, 1999, after the auditors determined that the proper disposal procedures had not been followed. The review did not disclose any evidence that DOT Region 3 employees personally benefited from the improper disposal of the surplus automobile lift. Moreover, each DOT employee interviewed denied taking any state parts or equipment or having any information that state equipment or parts had been misappropriated.

The DOT Region 3 forklift was repaired by DOT Region 3 mechanics on January 15, 1999, at a cost of \$67.39 for parts and labor. DOT management required Mr. Herlein to pay for the forklift's repair. Mr. Herlein paid DOT the \$67.39 by personal check on March 8, 1999.

The results of the review, completed on February 2, 1999, and affidavits signed by the DOT employees involved, were provided to DOT management on that date. After reviewing the information, DOT management initiated actions to discipline the DOT Region 3 employees involved and to strengthen existing internal controls.

Mr. Herlein was suspended without pay for two days—February 11 and 12, 1999—for improper disposal of surplus equipment and for allowing the improper use of state property for work on non-state vehicles. Mr. Halliburton was suspended without pay for one day—March 1, 1999—for his participation in the improper disposal of salvage equipment. Mr. Olmstead received a letter of reprimand for his involvement in the disposal of surplus equipment contrary to state policy. Mr. Herlein's supervisor, Mr. Workman, received a letter of reprimand for allowing improper use of state property for work on non-state vehicles.

Ms. Cron and Mr. Siebert received letters of reprimand for making false statements to the auditors. With respect to the four DOT mechanics who were paid for repairing non-state vehicles at the DOT garage, department management concluded that they had done so at the direction of their supervisors and did not issue letters of reprimand.

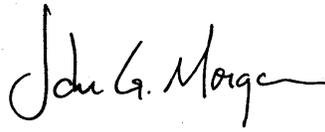
Mr. Dennis Cook, DOT Director of Operations, issued a memorandum dated February 8, 1999, to all DOT Regional Directors, prohibiting the repair of non-state vehicles at DOT garages. The directive also ordered that all DOT employees be informed of DOT policy regarding disposal of excess property, including untagged equipment.

Page Four
May 11, 1999

This review resulted in recommendations that DOT management (1) ensure strict adherence to established surplus property disposal procedures and (2) emphasize to DOT staff that repair of personal vehicles in DOT garages, or with DOT equipment, is strictly prohibited.

On February 16, 1999, the Office of the District Attorney General, Twentieth Judicial District (Davidson County) was notified of the findings pertaining to the improper actions of the DOT Region 3 employees.

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

JGM/dgp/rm

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

**Department of Transportation
Region 3 Maintenance Garage (Nashville)**

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May 1999

REVIEW OBJECTIVES

The objectives of the review were to determine if a surplus Department of Transportation (DOT) Region 3 automobile lift had been disposed of improperly; to determine which DOT Region 3 employees were responsible for the alleged improper disposal; to determine whether other DOT Region 3 equipment or parts had been misappropriated; to refer our findings to DOT management; and to refer the results of our review, if appropriate, to the Office of the State Attorney General and the Office of the District Attorney General, Twentieth Judicial District.

RESULTS OF THE REVIEW

The auditors determined that DOT Region 3 maintenance garage staff had improperly disposed of a surplus automobile lift from the DOT Region 3 garage on January 5, 1999. It was also determined that eight DOT Region 3 employees had repaired non-state vehicles at the DOT Region 3 garage and that a state-owned forklift had been slightly damaged during one of the repairs. Further, two DOT employees admitted making false statements to the audit staff conducting the review.

On January 15, 1999, the automobile lift was returned to the DOT Region 3 garage after the auditors determined that the proper disposal procedures had not been followed. On the same date, the state-owned forklift was repaired by DOT Region 3 mechanics. DOT management issued suspensions and letters of reprimand to employees in consideration of their varying degrees of involvement in the improper activities. The DOT Region 3 employee responsible for damaging the state-owned forklift was required by DOT management to reimburse the state for the cost of its repair.

The DOT Director of Operations issued a memorandum to all DOT Regional Directors, dated February 8, 1999, prohibiting the repair of non-state vehicles at DOT garages and ordering that all DOT employees be informed of DOT policy regarding disposal of excess property.

On February 16, 1999, the Office of the District Attorney General, Twentieth Judicial District (Davidson County), was notified of our findings pertaining to the improper actions of the Region 3 employees.

“Audit Highlights” is a summary of the special report. To obtain the complete special report, please contact

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

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TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Origin of the Review	1
Objectives of the Review	1
Scope of the Review	1
Background	2
DETAILS OF THE REVIEW	2
Improper Disposal of a Surplus Automobile Lift	2
Repair of Non-State (Personal) Vehicles	3
Forklift Damaged	5
False Statements by DOT Employees	6
DOT Employees Questioned Regarding Misappropriation of State Equipment or Parts	6
Department Corrective Action	6
Notification of the District Attorney General	7
RECOMMENDATIONS	7
APPENDICES	8
Ms. Cron, Written Warning	8
Mr. Halliburton, One-Day Suspension Without Pay	10
Mr. Herlein, Two-Day Suspension Without Pay	11
Mr. Olmstead, Written Warning	12
Mr. Siebert, Written Warning	13
Mr. Workman, Written Warning	14
Mr. Dennis Cook, Memorandum to DOT Regional Directors	15

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INTRODUCTION

ORIGIN OF THE REVIEW

On January 11, 1999, the Director of Internal Audit for the Department of Transportation (DOT) notified the Division of State Audit that he had received information alleging the improper disposal of a surplus automobile lift by employees of the DOT Region 3 maintenance garage in Nashville. The Division of State Audit, in collaboration with DOT's internal audit section, promptly initiated a review of the matter.

OBJECTIVES OF THE REVIEW

The objectives of the review were

1. to determine if a DOT surplus automobile lift had been disposed of improperly;
2. to determine which DOT employees were responsible for the alleged improper disposal;
3. to determine whether other DOT equipment or parts had been misappropriated;
4. to refer any findings to DOT management; and
5. to refer the results of the review, if appropriate, to the Office of the State Attorney General and the Office of the District Attorney General, Twentieth Judicial District.

SCOPE OF THE REVIEW

In January 1999, audit staff reviewed the allegation regarding the improper disposal of a surplus automobile lift in collaboration with Department of Transportation (DOT) Internal Audit staff. The review was expanded to address additional allegations that non-state vehicles had been repaired in the DOT Region 3 garage and that a state-owned forklift had been damaged during one of the repairs.

Division of State Audit and DOT Internal Audit staff interviewed the DOT Region 3 garage superintendent, supervisors, mechanics, and storekeeper. In addition, auditors interviewed DOT administration and Region 3 management staff and the owner and an employee of Tow Masters, Inc., a local wrecker service (identified as obtaining the surplus automobile lift). Relevant inventory lists, repair work orders, invoices, personal checks, and disposal policies were reviewed. The auditors also observed the surplus automobile lift, a non-state vehicle at the DOT Region 3 garage for repairs, and the forklift in question.

BACKGROUND

The hydraulically operated lift had adjustable horizontal arms and two vertical posts that had been bolted to the floor of the garage. The lift, with a maximum lifting capacity of 8,000 pounds, had been used to raise vehicles up to six feet to facilitate their repair. In May 1998, DOT Region 3 garage management deemed the lift unsafe to operate because of excessive wear and removed the lift from service, citing prohibitive repair costs. The lift was stored on the parking lot next to the offices of the DOT Region 3 garage building.

DETAILS OF THE REVIEW

IMPROPER DISPOSAL OF A SURPLUS AUTOMOBILE LIFT

Mr. Tom Herlein, Garage Superintendent, stated that he grew tired of looking at the surplus automobile lift on the garage parking lot and on January 5, 1999, asked Mr. Richard Halliburton, Procurement Officer 2, what were his “options” for disposing of the surplus automobile lift. According to Mr. Halliburton and Mr. Herlein, Mr. Halliburton told Mr. Herlein, his supervisor, that the lift did not have a fixed asset tag and was not on his property list. Both Mr. Halliburton and Mr. Herlein confirmed that Mr. Halliburton further stated to Mr. Herlein that the lift could be cut up for scrap or could be turned in as a surplus untagged asset to the Department of General Services.

The department has adopted the Department of General Services’ rules governing the disposal of surplus property. This policy provides that the property officer of the agency (Mr. Halliburton) is to fill out and forward a Report of Surplus Personal Property Addition, Correction, and Deletion Form (SPMD-1A) to the Department of General Services’ Division of State Personal Property Utilization for each piece of personal property declared as surplus. According to General Services’ disposal policy, upon receipt of the SPMD-1A form, General Services property representatives inspect the property item and determine the appropriate disposal method.

Mr. Herlein explained to the auditors that he was eager to dispose of the lift and that the normal disposal procedures would take approximately three days. The lift had been stored on the

DOT Region 3 garage parking lot since May 1998, approximately eight months. Mr. Herlein further explained that the lift was constructed of heavy steel and cutting it up would require a significant amount of effort and materials. Mr. Herlein said that he asked Mr. Dwight Olmstead, Equipment Mechanic 2 (one of three mechanic supervisors and an experienced welder), what would be the best way to cut up and dispose of the lift. According to both Mr. Herlein and Mr. Olmstead, the idea emerged during this conversation to arrange for a non-state individual to haul off the lift. Mr. Herlein attributed the origin of the idea to Mr. Olmstead. Mr. Olmstead stated that he could not specifically recall introducing the idea, but that he could have been the one to suggest disposing of the lift through a non-state individual.

That same day, according to both Mr. Herlein and Mr. Halliburton, Mr. Herlein asked Mr. Halliburton, "What if it [the lift] just gets gone?" Both Mr. Herlein and Mr. Halliburton agreed that Mr. Halliburton told Mr. Herlein that "it's not in my inventory and it's not my concern." Mr. Herlein admitted that he then told Mr. Olmstead that he saw nothing wrong with a private citizen hauling off the lift. Mr. Olmstead confirmed Mr. Herlein's statement and confirmed that he then contacted Mr. Mike Copeland, his friend and the owner of Tow Masters, Inc. (a wrecker service in Nashville). Mr. Olmstead then arranged with Mr. Copeland for him to remove the lift from the DOT Region 3 garage facility.

According to Mr. Copeland, he thought that since Mr. Olmstead, a state employee, had called him about picking up the lift, the disposal had been properly approved. He accepted Mr. Olmstead's explanation that the lift was surplus and that the state just wanted it hauled off. Mr. Copeland acknowledged that with expectations the lift could be repaired, he dispatched one of his rollback trucks, driven by Mr. Jimmy Clark, to the DOT Region 3 garage. Mr. Clark stated that he hauled the automobile lift from the DOT Region 3 garage to Tow Masters, Inc., that same day.

At the request of DOT Region 3 management, Tow Masters, Inc., returned the automobile lift to the DOT Region 3 garage on January 15, 1999, after the auditors determined that the proper disposal procedures had not been followed. Mr. Halliburton filed a Report of Surplus Personal Property Addition, Correction, and Deletion Form (SPMD 1A1) with General Services, and the lift was physically transferred from the DOT Region 3 garage to the General Services Surplus Property warehouse on February 3, 1999. According to General Services Property Manager Mr. Dale Turrentine, Mr. David Allen, Surplus Property warehouse manager, inspected the lift and determined its fair market value to be \$500. On February 24, 1999, General Services sold the lift to the Town of Livingston, Tennessee, for \$500.

The review did not disclose any evidence that DOT employees personally benefited from the improper disposal of the surplus automobile lift.

REPAIR OF NON-STATE (PERSONAL) VEHICLES

The auditors also determined that Mr. Herlein, Mr. Olmstead, Mr. Halliburton, and five other DOT Region 3 employees had repaired non-state (personal) vehicles at the DOT Region 3 garage during non-work hours. The other DOT Region 3 employees involved were Mr. Herlein's

supervisor, Mr. Stan Workman (Operations Specialist Supervisor 2), and four Equipment Mechanic 1's: Mr. Stoney Cleghorn, Mr. Thomas Jackson, Mr. John McGill, and Mr. Randy Siebert. Nine personal vehicles were repaired at the DOT Region 3 garage. These vehicles belonged to Mr. Herlein, Mr. Herlein's wife, Mr. Herlein's son, Mr. Olmstead, Mr. Halliburton, Mr. McGill, Mr. Workman, Ms. Judy Cron (DOT Right of Way Clerk 3), and Ms. Jerri Holland (DOT Administrative Services Assistant 2).

- Mr. Herlein admitted that he had repaired his privately owned vehicles on two occasions and his son's privately owned vehicle on one occasion at the DOT Region 3 garage.
- Mr. Olmstead admitted that he had repaired his privately owned vehicle once in the DOT Region 3 garage and twice had voluntarily assisted Mr. Herlein when he repaired his wife's car and his son's car in the DOT Region 3 garage. Mr. Herlein confirmed that he was assisted by Mr. Olmstead.
- Mr. Halliburton admitted that he had repaired his privately owned vehicle in the DOT Region 3 garage on one occasion.
- Mr. McGill admitted that he had repaired his vehicle in the DOT Region 3 garage on one occasion.
- Mr. Herlein's supervisor, Mr. Stan Workman, admitted that he had repaired his vehicle in the DOT Region 3 garage. Mr. Workman admitted that he requested and received Mr. Herlein's assistance when he performed this repair. Mr. Herlein confirmed that he assisted Mr. Workman.

Moreover, four DOT Region 3 Equipment Mechanic 1's—Mr. Stoney Cleghorn, Mr. Thomas Jackson, Mr. John McGill, and Mr. Randy Siebert—received cash payments, ranging from \$5 to \$30, for their work on non-state vehicles at the DOT Region 3 garage. These payments were made by the owners of three of the nine non-state vehicles repaired at the DOT Region 3 garage by the DOT Region 3 garage mechanics.

Ms. Judy Cron, a DOT Right of Way Clerk 3, acknowledged that she contacted Mr. Herlein on two occasions, in November 1998 and in January 1999, and asked if he could arrange for DOT Region 3 garage mechanics to repair her personally owned automobile. Ms. Cron was assigned to the DOT Region 3 Administration Building, adjacent to the DOT Region 3 garage. As a Right of Way employee, she was not supervised by Mr. Herlein. Mr. Herlein admitted that he arranged for Mr. Cleghorn and Mr. McGill to repair her automobile at the DOT Region 3 garage on both occasions.

Ms. Cron stated that she personally paid Mr. Cleghorn and Mr. McGill \$20 each for the November 1998 repair. Ms. Cron and Mr. Herlein agreed that Ms. Cron provided \$60 cash to Mr. Herlein, who paid the mechanics for the January 1999 repair. Mr. Cleghorn and Mr. McGill

confirmed that they received \$20 each from Ms. Cron for the November 1998 repair and \$30 each from Mr. Herlein for the January 1999 repair.

The second non-state vehicle repaired at the Region 3 garage for which a DOT Region 3 mechanic received payment belonged to Ms. Jerri Holland, a DOT Administrative Services Assistant 2. Like Ms. Cron, Ms. Holland also was assigned to the DOT Region 3 Administration Building and was not supervised by Mr. Herlein.

According to Ms. Holland, she asked Mr. Herlein to ask Mr. McGill to repair her privately owned automobile. Mr. Herlein recalled this conversation with Ms. Holland; however, he stated that Ms. Holland requested that a DOT Region 3 mechanic repair her automobile and did not specifically request that he ask Mr. McGill to repair her automobile. Mr. Herlein stated that he asked Mr. Siebert to repair Ms. Holland's automobile and authorized him to use the DOT Region 3 garage facilities and equipment for the repair. According to Mr. McGill, Mr. Herlein asked him to repair Ms. Holland's automobile and he (Mr. McGill) requested and received Mr. Siebert's assistance in the repair. Mr. Siebert recalled that at Mr. McGill's request, he helped Mr. McGill repair Ms. Holland's automobile. Although the recollections of Mr. Herlein, Mr. McGill, and Mr. Siebert differ slightly, Mr. Herlein admitted that he made arrangements for Ms. Holland's privately owned automobile to be repaired at the DOT Region 3 garage by DOT Region 3 mechanics, and Mr. McGill and Mr. Siebert admitted repairing Ms. Holland's privately owned vehicle at the DOT Region Garage.

Ms. Holland stated that she purchased Mr. McGill's lunch, a hamburger and a soft drink, and gave it to him immediately after he repaired her automobile. Ms. Holland further stated that she provided \$15 or \$20 to Mr. Herlein, who paid Mr. McGill for the June 1998 repair. Mr. Herlein recalled that Ms. Holland provided him approximately \$15, which he gave to Mr. Siebert and Mr. McGill. Mr. Siebert recalled that Ms. Holland provided Mr. McGill and him with a hamburger and a soft drink immediately after they repaired her automobile and that Mr. Herlein personally paid Mr. McGill and him \$5 each for the June 1998 repair. Mr. McGill recalled that he and Mr. Siebert received a hamburger and a soft drink each from Ms. Holland for repairing her automobile and had no recollection of receiving any money for the repair.

Mr. Herlein's wife owned the third non-state vehicle for whose repair a DOT Region 3 mechanic received payment. Both Mr. Herlein and Mr. Jackson agreed that Mr. Jackson, at Mr. Herlein's request, assisted Mr. Herlein as he repaired his wife's privately owned automobile at the DOT Region 3 garage in November 1998. Both Mr. Herlein and Mr. Jackson further agreed that Mr. Herlein paid Mr. Jackson \$10 for his assistance.

FORKLIFT DAMAGED

The auditors also determined that a DOT Region 3 forklift had been slightly damaged during the repair of a non-state vehicle in the Region 3 garage. Mr. Herlein admitted that while he was using the forklift to install an engine in his son's automobile, a hydraulic fitting on the forklift was broken and the forklift was rendered inoperable.

FALSE STATEMENTS BY DOT EMPLOYEES

Initially, Ms. Cron denied that she had approached Mr. Herlein about repairing her car, that her car had been repaired at the DOT Region 3 garage, that she had personally paid DOT Region 3 mechanics for their work on her car, or that she had given Mr. Herlein money for him to pay the mechanics. Later, Ms. Cron admitted that she had lied, that her car had been repaired at the garage, and that she had in fact done the acts cited above. Ms. Cron signed an affidavit to that effect.

Similarly, Mr. Siebert initially stated that he did not know about the repair of any non-state vehicles at the DOT Region 3 garage other than the vehicle owned by Mr. Herlein's son and denied working on any non-state vehicles at the DOT Region 3 garage. Later, he admitted that he had lied to the auditors and that he had in fact worked on Ms. Holland's personal vehicle at the DOT Region 3 garage and that he had received \$5 from Ms. Holland for his work. Mr. Siebert signed an affidavit acknowledging his false statement, his work on Ms. Holland's personal vehicle, and the payment he received for the work.

DOT EMPLOYEES QUESTIONED REGARDING MISAPPROPRIATION OF STATE EQUIPMENT OR PARTS

The auditors asked each DOT employee interviewed if he or she had taken any state equipment or parts or knew of someone who had. Each employee interviewed denied taking any state equipment or parts or having any information that state equipment or parts had been misappropriated by DOT Region 3 employees.

DEPARTMENT CORRECTIVE ACTION

The review was completed February 2, 1999, and affidavits signed by the DOT employees involved were provided to DOT management on that date. After reviewing the information, DOT management initiated actions to discipline the DOT employees involved and to strengthen existing internal controls. DOT's disciplinary letters are shown in the Appendices. (See pages 8 through 15.)

Mr. Herlein was suspended without pay for two days—February 11 and 12, 1999—for improper disposal of surplus equipment and for allowing the improper use of state property for work on non-state vehicles. Mr. Halliburton was suspended without pay for one day—March 1, 1999—for his participation in the improper disposal of surplus equipment. Mr. Olmstead received a letter of reprimand for his participation in the disposal of surplus equipment contrary to state policy. Mr. Herlein's supervisor, Mr. Workman, received a letter of reprimand for "failure to actively pursue the prevention of work on private vehicles at the garage during nonworking hours." Ms. Cron and Mr. Siebert received letters of reprimand for making false statements to the auditors.

With respect to the four DOT mechanics who were paid for repairing non-state vehicles at the DOT Region 3 garage, department management concluded that they had done so at the direction of their supervisors and thus had assumed that their actions were approved. According to DOT management, because of the mechanics' diminished responsibility, they were not issued letters of reprimand.

The DOT forklift, was repaired by DOT Region 3 mechanics on January 15, 1999, at a cost of \$67.39 for parts and labor. DOT management required Mr. Herlein to pay for the forklift's repair. Mr. Herlein paid DOT the \$67.39 on March 8, 1999.

Mr. Dennis Cook, DOT Director of Operations, issued a memorandum dated February 8, 1999, to all DOT Regional Directors prohibiting the repair of non-state vehicles at DOT garages. The directive also ordered that all DOT employees be informed of DOT policy regarding disposal of excess property, including untagged equipment. (See page 15.)

NOTIFICATION OF THE DISTRICT ATTORNEY GENERAL

On February 16, 1999, the Office of the District Attorney General, Twentieth Judicial District (Davidson County) was notified of the findings pertaining to the improper actions of the DOT Region 3 employees.

RECOMMENDATIONS

The review resulted in the following recommendations:

1. DOT management should ensure strict adherence to established surplus property disposal procedures.
2. Management should emphasize to DOT staff that repair of personal vehicles at DOT garages, or with DOT equipment, is strictly prohibited.



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION

6601 CENTENNIAL BOULEVARD
NASHVILLE, TENNESSEE 37243-0360
February 12, 1999

Judith A. Cron
Clerk 3, Region 3 R.O.W. Office
Department of Transportation
Nashville

Dear Ms. Cron:

The Office of the Comptroller has just completed an investigation into certain practices involving Region 3 employees and the use of the Regional garage and its personnel to perform various maintenance and service tasks on privately owned vehicles. The investigation revealed your participation in some of these activities which constitute the improper use of State property or equipment. The Department views these matters with grave concern and expects that such activities will not recur. The measure of the Department's concern at this time however is reflected in this letter of written reprimand which will be made part of your personnel record for the prescribed period of time. Other employees who were involved face far more severe consequences depending on their level of responsibility and culpability.

It is imperative that all employees always be aware that State employment is a trust, not an entitlement, and as we operate with funds obtained through taxation, we each have a high degree of personal responsibility to ensure that those funds are properly administered and expended. The activities under discussion constitute a betrayal of that trust and must be treated accordingly. I have confidence in you personally that this conduct will not be repeated, but it is fair to say that any repetition thereof may well lead to suspension or dismissal.

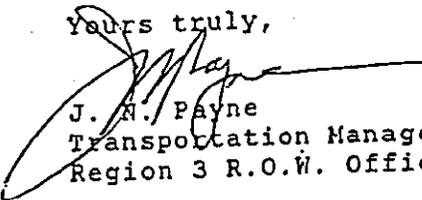
Another area of concern to the Department is the matter of the two affidavits that were given by you in the course of the investigation. It is important to know that in any legitimately authorized investigation by State agencies, the interviewers are entitled to accurate and complete statements from each person interviewed, and any departure from that expectation hinders the finding of the truth and the placing of responsibility on those who are culpable. Misleading or incomplete statements can result in persons being unfairly held accountable, so it is in the self interest of the person being interviewed to be accurate and complete from the beginning and at all times. If a person changes or recants a portion of a statement in subsequent interviews, it can only reflect negatively on that person.

I want to say that I retain complete confidence and satisfaction in the job you are performing for the Region 3 Right-of-Way Office. Your performance consistently exceeds the performance of any previous occupant of your position, and you voluntarily assume greater responsibility than the position requires. I sincerely hope and desire that, while not minimizing the seriousness of the present situation, we can move forward and continue to work together for the benefit of the Department and the public which we all serve.

This written warning may be reviewed by the Commissioner or his appointed designee, in which case the review must be requested, in writing, no later than thirty (30) calendar days of its receipt.

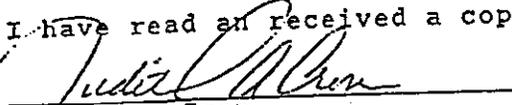
This written warning will be removed from your personnel file after two (2) years if no further incidents occur during that period.

Yours truly,


J. N. Payne
Transportation Manager
Region 3 R.O.W. Office

cc: personnel file
Tommy Hart
John Reinhold
M. L. Kennedy

I have read and received a copy of this correspondence.


Judith A. Cron

2-12-99
Date



RECEIVED
MAR 01 1999
STATE AUDIT

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
SUITE 700, JAMES K. POLK BUILDING
NASHVILLE, TENNESSEE 37243-0349

J. BRUCE SALTSMAN, SR.
COMMISSIONER

DON SUNDQUIST
GOVERNOR

February 25, 1999

Via Certified Mail and Fax (350-4387)

Mr. Richard Halliburton
c/o James E. Jeffers
Tennessee Department of Transportation
6601 Centennial Boulevard
Nashville, Tennessee 37243-0360

Dear Mr. Halliburton:

In accordance with Tennessee Department of Personnel Rule 1120-10-.07(4), I am writing to notify you that you are to be suspended from work without pay for one (1) day on Monday, March 1, 1999. This disciplinary action is being taken based on your participation, as senior procurement officer, in the improper disposal of salvage equipment at the Region III garage.

Your Regional Director, Jim Jeffers, notified you on February 18, 1999, that your suspension from state service was under consideration. After meeting with you to discuss this matter, Mr. Jeffers has recommended a one-day suspension, and I concur in his recommendation.

The need to take this disciplinary action is regrettable, in view of your otherwise excellent record of service to this Department. I trust that, upon your return to work, you will work with your supervisors to correct your conduct so that no additional disciplinary action will be needed.

You may appeal this decision through the grievance procedures provided in Section 8-30-328 of the Tennessee Code. If you choose to do so, you must file a written notice of appeal within fifteen (15) working days after receiving this letter.

Any questions you have about your appeal rights may be answered by calling the State Employee Information Line at 1-800-221-7345 between 8:00 a.m. and 4:30 p.m., Nashville time.

Sincerely,

J. Bruce Saltsman, Sr.
Commissioner

JBS/JHR

cc: L. Thomas Hart, Jr.
James E. Jeffers
C. Timothy Gary
Kenneth Becker
Robert W. Moxley

bcc: Bill Cravens, Internal Audit
Glen McKay, Comptroller's Office ✓



**STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION**

SUITE 700, JAMES K. POLK BUILDING
NASHVILLE, TENNESSEE 37243-0349

February 10, 1999

J. BRUCE SALTSMAN, SR.
COMMISSIONER

DON SUNDQUIST
GOVERNOR

Via Certified Mail and Fax (350-4387)

Mr. Thomas Herlein
Tennessee Department of Transportation
Region III Garage
6601 Centennial Boulevard
Nashville, Tennessee 37243-0360

Dear Mr. Herlein:

In accordance with Tennessee Department of Personnel Rule 1120-10-.07(4), I am writing to notify you that you are to be suspended from work without pay for two (2) days. This suspension shall begin on Thursday, February 11, 1999, and run through Friday, February 12, 1999. This disciplinary action is being taken based on your improper disposal of salvage equipment and allowing the improper use of state property for after-hours work on non-state vehicles.

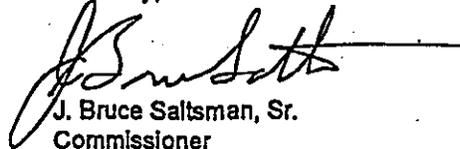
Your Regional Director, Jim Jeffers, notified you on February 9, 1999, that your suspension from state service was under consideration. After meeting with you to discuss this matter, Mr. Jeffers has recommended a two-day suspension, and I concur in his recommendation.

The need to take this disciplinary action is regrettable, in view of your otherwise excellent record of service to this Department. I trust that, upon your return to work, you will work with your supervisors to correct your conduct and set a good example for employees under your supervision so that no additional disciplinary action will be needed.

You may appeal this decision through the grievance procedures provided in Section 8-30-328 of the Tennessee Code. If you choose to do so, you must file a written notice of appeal within fifteen (15) working days after receiving this letter.

Any questions you have about your appeal rights may be answered by calling the State Employee Information Line at 1-800-221-7345 between 8:00 a.m. and 4:30 p.m., Nashville time.

Sincerely,



J. Bruce Saltsman, Sr.
Commissioner

JBS/JHR

cc: L. Thomas Hart, Jr.
James E. Jeffers
C. Timothy Gary
Kenneth Becker
Robert W. Moxley

bcc: Bill Cravens, Internal Audit
Chas Taplin, Comptroller's Office



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
NASHVILLE, TENNESSEE 37243-0360

February 17, 1999

Mr. Dwight Olmstead
272B Haywood Lane
Nashville, TN 37211

Dear Mr. Olmstead:

This is a written warning for your participation in the disposal of salvage equipment contrary to state policy.

If you contest any part of this written warning, you may request a review from the appointing authority or designee for this purpose, no later than thirty (30) days after receipt of this warning. Your request, in writing, should include documentation of any reasons why you believe you do not deserve the warning.

After the review, if the decision of the appointing authority or designee stands unchanged, this written warning may be placed in your personnel file along with your written response. If there is no further disciplinary action for the same performance or conduct, the written warning and your response will be removed two (2) years from the date of the letter.

Sincerely,

A handwritten signature in cursive script that reads "James E. Jeffers".

James E. Jeffers
Regional Director

J EJ/jh

cc: Ken Becker



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
NASHVILLE, TENNESSEE 37243-0360

February 17, 1999

Mr. Randy Siebert
3136 Justine Towne Court
Antioch, TN 37013

Dear Mr. Siebert:

This is a written warning due to some false statements that you gave during the auditors investigation into garage activities.

If you contest any part of this written warning, you may request a review from the appointing authority or designee for this purpose, no later than thirty (30) days after receipt of this warning. Your request, in writing, should include documentation of any reasons why you believe you do not deserve the warning.

After the review, if the decision of the appointing authority or designee stands unchanged, this written warning may be placed in your personnel file along with your written response. If there is no further disciplinary action for the same performance or conduct, the written warning and your response will be removed two (2) years from the date of the letter.

Sincerely,

A handwritten signature in cursive script that reads "James E. Jeffers".

James E. Jeffers
Regional Director

JEJ/jh

cc: Ken Becker



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
NASHVILLE, TENNESSEE 37243-0360

February 17, 1999

Mr. Stan Workman
2807 Hody Drive
Nashville, TN 37206

Dear Mr. Workman:

This is a written warning for your failure to actively pursue the prevention of work on private vehicles in the garage during non working hours.

If you contest any part of this written warning, you may request a review from the appointing authority or designee for this purpose, no later than thirty (30) days after receipt of this warning. Your request, in writing, should include documentation of any reasons why you believe you do not deserve the warning.

After the review, if the decision of the appointing authority or designee stands unchanged, this written warning may be placed in your personnel file along with your written response. If there is no further disciplinary action for the same performance or conduct, the written warning and your response will be removed two (2) years from the date of the letter.

Sincerely,

A handwritten signature in cursive script that reads "James E. Jeffers".

James E. Jeffers
Regional Director

JEJ/jh

cc: Ken Becker



STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
NASHVILLE, TENNESSEE 37243

MEMORANDUM

TO: Regional Directors
FROM: Dennis Cook *DC*
DATE: February 8, 1999
SUBJECT: Working on Private Vehicles at DOT Facilities

The following policy is effective immediately: No work on privately owned vehicles shall be performed at state-owned facilities.

Violation of this policy is totally unacceptable and will not be tolerated, especially in view of the potential liability involved for the State of Tennessee. Violations of this policy will result in swift and severe disciplinary action.

I also request that all employees be informed of DOT policy regarding disposal of excess property, including untagged equipment. All employees need to be fully aware of procedures involved whether or not they have direct responsibility for disposal of excess property.

Your expeditious action in conveying the above information is requested.

DC/ph

cc: Mr. Tommy Hart
Mr. Bill Cravens ✓