



**DECATUR COUNTY, TENNESSEE  
OFFICES OF COUNTY MAYOR AND SHERIFF**

**Comptroller's Investigative Report**  
September 22, 2017

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**Justin P. Wilson, Comptroller**





**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DIVISION OF INVESTIGATIONS**

**Justin P. Wilson  
Comptroller of the Treasury**

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September 22, 2017

Decatur County Mayor and  
Board of County Commissioners  
P. O. Box 488  
Decaturville, TN 38329

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, in conjunction with the investigator from the 24<sup>th</sup> Judicial District, conducted an investigation of selected records of Decatur County, Tennessee – Offices of County Mayor and Sheriff, and the results are presented herein. Our findings and recommendations have been reviewed with the district attorney general for the 24th Judicial District and the United States Attorney's Office for the Western District of Tennessee.

Copies of this report are being forwarded to Governor Bill Haslam, the State Attorney General, the District Attorney General, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

Comptroller of the Treasury

JPW/RAD

# INVESTIGATIVE REPORT

## DECATUR COUNTY, TENNESSEE OFFICES OF COUNTY MAYOR AND SHERIFF

In October 2016, the Comptroller's Office was requested by the district attorney general for the 24<sup>th</sup> Judicial District to examine certain accrued leave, compensatory time, and other benefit payments to former employees of offices of county mayor and the sheriff. We determined that during the period August 2014 through October 2014, several former employees received payments without adequate documentation and in violation of Decatur County's personnel policy. We also determined that the former county mayor received payments in lieu of accepting the county's health insurance benefits. We performed this investigation, in conjunction with the investigator from the 24<sup>th</sup> Judicial District, for the period July 1, 2013, through May 4, 2017.

### INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

#### FINDING 1      **SEVERAL FORMER COUNTY EMPLOYEES IMPROPERLY RECEIVED PAYMENTS FOR COMPENSATORY, VACATION, AND HOLIDAY TIME TOTALING \$38,511.51**

The compensatory time policy for the county mayor's office provides that employees may accrue a maximum of 30 hours of compensatory time, and the compensatory policy for the sheriff's department provides that employees may accrue a maximum of 240 hours of compensatory time. The vacation policy for the sheriff's department provides that after 10 years of service, employees shall receive 16 days of vacation leave per year on January 1. There is no accrual of a sheriff department employee's vacation leave from calendar year to calendar year. The holiday policy for the sheriff's department provides that employees receive 12 paid holidays per calendar year.

We identified five former employees under the supervision of the former county mayor and four former employees of the sheriff's department who received improper payments made for compensatory, vacation, and holiday time:

- A. We interviewed three former employees who worked for the former county mayor and determined they received compensatory time payments totaling \$12,775.20. During interviews by Comptroller investigators and the district attorney general's investigator, these former employees admitted they did not maintain compensatory time records nor did they submit compensatory hours to the county mayor's office for record keeping. Two other former employees under the supervision of the former county mayor received a total of \$7,992 in compensatory time payments. One of the former employees declined to be interviewed by investigators. We were unable to contact the other employee, the former mayor's wife. Our examination of the five former employees' separation forms failed to

provide supporting documentation for these payments. Payroll time sheets for these employees did not reveal any compensatory time earned during their normal 40-hour work week.

- B. The former chief deputy for the sheriff's department received two compensatory time payments from the county at the end of his employment. The first payment of \$7,078.69 was for 496.75 hours of accrued compensatory time. Our examination of his separation form from the county noted a stamped signature of the former sheriff. During our interview with the former sheriff, he stated that he did not approve paying the former chief deputy the 496.75 compensatory hours, but did recall approving approximately 200 hours (the department's policy allows a maximum accrual of 240 compensatory hours). The former sheriff further stated the separation form we showed him was not the form he signed for approval, and he had no knowledge of his stamped signature. The former chief deputy received a second payment of \$1,838.68 for compensatory time, which he did not earn, and after all leave balances had been paid out. The second payment was not approved by the former sheriff nor did he have knowledge of the payment. The total improper compensatory payments to the former chief deputy totaled \$5,497.37 (\$7,078.69 minus \$3,420 (240 hours maximum accrual approved) plus \$1,838.68).

Also, our examination of the former chief deputy's payroll records revealed the county overpaid him \$1,083 for vacation time. The former chief deputy failed to enter vacation time taken during the period of our investigation.

- C. The former jail administrator for the sheriff's department was paid \$3,699.80 for 260 hours of compensatory time at the end of her employment. During our interview with her, she admitted to claiming one-half hour of compensatory time each day from 4:30 p.m. to 5:00 p.m. that she did not work. In addition, she claimed that she may have earned the compensatory time at different times after hours but used the 4:30 p.m. to 5:00 p.m. time frame for convenience. Investigators interviewed several current and former department employees concerning her work habits. We were consistently informed that the former jail administrator rarely worked after hours, and her attendance was erratic during the day.

Also, our examination of the former jail administrator's payroll records revealed the county overpaid her \$1,750.29 for vacation time and \$1,252.24 for holiday time. These overpayments occurred as a result of the employee failing to claim vacation hours taken, and claiming vacation and holiday time she did not earn.

- D. A former jailor submitted a separation form to the county for 189.30 hours of compensatory time and was paid \$1,824.85 at the end of her employment. Our examination of her payroll records revealed she was routinely paid for any overtime worked and did not accrue any compensatory time. According to the former sheriff, he regularly paid jailors for their overtime, and her time sheets and payroll records supported his statement. The former jailor falsely recalculated her overtime hours from her time sheets at the end of her employment as if she had not gotten paid for the overtime hours.

Also, our examination of the former jailor's payroll records revealed the county overpaid her \$809.76 for holiday time. In an interview, the former jailor stated that she worked on

all holidays; however, our examination of her time sheets noted that she was off duty on holidays.

- E. A former deputy was overpaid \$1,827 for compensatory time he claimed when his employment ended. Our review of his payroll records revealed he requested and received \$3,079.80 in compensatory time he did not earn. Our review of his payroll records revealed he was paid for all the overtime he worked, but did not receive payment for 12 days of vacation he earned (\$1,252.80). Therefore, the amount of overpayment to the former deputy is \$1,827 (\$3,079.80 less \$1,252.80).

The following table summarizes the improper benefits noted above:

**Improper Benefits**

Finding	Department	Improper Compensatory Benefits	Improper Vacation/ Holiday Benefits	Total
<i>Mayor's Office:</i>				
1.A	Administration – Martha Graves	\$ 2,784.00	\$ 0.00	\$ 2,784.00
1.A	Emergency Management – James Kevin Cagle	4,610.40	0.00	4,610.40
1.A	Emergency Medical – Mark R. Hayes	5,380.80	0.00	5,380.80
1.A	Solid Waste – Robert W. Haynes	3,412.80	0.00	3,412.80
1.A	Administration – Doris H. Smith	<u>4,579.20</u>	<u>0.00</u>	<u>4,579.20</u>
<i>Total Mayor's Office</i>		<u>\$20,767.20</u>	<u>\$ 0.00</u>	<u>\$20,767.20</u>
<i>Sheriff's Office:</i>				
1.B	Chief Deputy – William Scott Cagle	\$ 5,497.37	\$ 1,083.00	\$ 6,580.37
1.C	Jail Administrator – Pamela Brasher	3,699.80	3,002.53	6,702.33
1.D	Jailor (Deceased)	1,824.85	809.76	2,634.61
1.E	Deputy (Not Indicted)	<u>1,827.00</u>	<u>0.00</u>	<u>1,827.00</u>
<i>Total Sheriff's Office</i>		<u>\$12,849.02</u>	<u>\$ 4,895.29</u>	<u>\$17,744.31</u>
<i>Total Improper Benefits</i>		<u>\$33,616.22</u>	<u>\$ 4,895.29</u>	<u>\$38,511.51</u>

**RECOMMENDATION**

Decatur County officials should take immediate steps to recover the improper payments. Accurate and detailed records should be maintained by employees for any benefits earned, and these records should be reviewed by supervisory staff for accuracy. County officials should follow adopted personnel policies for all payments at employee separations.

**FINDING 2      QUESTIONABLE VACATION BENEFITS OF \$24,492.05 WERE PAID TO NINE FORMER COUNTY EMPLOYEES**

Our investigation disclosed that the nine former county employees were paid a total of \$24,492.05 in vacation leave benefits at the end of their employment with the county. Personnel policies adopted by various county officials permit employees to accumulate earned but unused vacation, sick, and compensatory leave. However, the county did not have documentation on file to support leave for these employees. We were unable to substantiate the legitimacy of these payments due to a lack of documentation on file. The failure to maintain adequate documentation of accumulated leave weakens internal controls over the payroll process and increases the risks of improper payments.

**RECOMMENDATION**

Detailed payroll records with supporting documentation should be maintained to support all disbursements to employees. Accrued leave records should be accurately maintained to ensure proper accountability for these employee benefits.

**FINDING 3      THE FORMER COUNTY MAYOR RECEIVED COMPENSATION TOTALING \$15,750 IN-LIEU-OF INSURANCE BENEFITS**

It is the policy of Decatur County to provide health insurance coverage for officials and employees; however, the former county mayor Michael Smith chose not to participate in the insurance program. During our investigation, we determined the former county mayor paid himself \$15,750 during his term as county mayor for the county’s portion of what his health insurance premiums would have been. These payments were disbursed as vendor payments to the former county mayor. We were unsuccessful in finding any authorization from the board of county commissioners that allowed the former mayor to receive these payments. Also, the state attorney general has opined (Opinion 04-162) that “Counties do not have the authority to make a cash payment to an official or employee who elects not to participate in the county insurance plan.”

**Payments to Former Mayor**

<b>Payment Date</b>	<b>Amount of Vendor Check</b>
06/28/2011	\$ 3,150.00
04/12/2012	2,100.00
06/04/2012	2,100.00
11/07/2012	2,100.00
06/04/2013	2,100.00
12/03/2013	2,100.00
05/05/2014	2,100.00
<b>Total</b>	<b><u>\$15,750.00</u></b>

## **RECOMMENDATION**

Decatur County officials should take immediate steps to recover any unauthorized payments.

### **FINDING 4 THE OFFICES OF COUNTY MAYOR AND THE SHERIFF HAD DEFICIENCIES IN THE ADMINISTRATION OF TIME RECORDS**

Our examination of time records in the offices of county mayor and the sheriff revealed the following deficiencies:

- A. Numerous occasions were noted where the former county mayor did not sign the employees' time sheets or time cards as evidence of review and approval. Sound business practices dictate that payroll time sheets or time cards should be properly reviewed and approved. If supervisors do not review and approve time sheets or time cards for accuracy, the risks of improper payments increase.
- B. The sheriff's department utilized a rubber signature stamp to approve employee time reports. By utilizing a rubber stamp, we cannot determine if the reports were properly reviewed by the appropriate level of management.

## **RECOMMENDATION**

Employees' supervisors should review and sign all employee time sheets or time cards as evidence of review and approval. The sheriff's department should immediately discontinue the use of a rubber signature stamp.

On September 19, 2017, the Decatur County Grand Jury indicted the former county mayor Michael Smith on Theft of Property \$10,000 to \$60,000 (1 count); Theft of Property - \$1,000 to \$10,000 (7 counts); Criminal Responsibility For Conduct of Another - \$1,000 to \$10,000 (5 counts); Forgery - \$1,000 to \$10,000 (5 counts); former county mayor's office bookkeeper Doris H. Smith on Theft of Property - \$1,000 to \$10,000 (1 count); former county mayor's office secretary Martha Graves on Theft of Property - \$1,000 to \$10,000 (1 count); former county director of solid waste Robert W. Haynes on Theft of Property - \$1,000 to \$10,000 (1 count); former county director of emergency management agency James Kevin Cagle on Theft of Property - \$1,000 to \$10,000 (1 count); former county director of emergency medical services Mark R. Hayes on Theft of Property - \$1,000 to \$10,000 (1 count); former chief deputy William Scott Cagle on Theft of Property - \$1,000 to \$10,000 (2 counts); Forgery - \$1,000 to \$10,000 (2 counts); former jail administrator Pamela Brasher on Theft of Property - \$1,000 to \$10,000 (2 counts); Forgery - \$1,000 to \$10,000 (1 count).