

# **INVESTIGATIVE REPORT**

## **SELECTED RECORDS OF THE FENTRESS COUNTY SHERIFF'S DEPARTMENT**



**DECEMBER 17, 2014**



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
FINANCIAL AND COMPLIANCE INVESTIGATIONS**

Justin P. Wilson  
Comptroller of the Treasury

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600  
505 DEADERICK STREET  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7907  
FAX (615) 741-7667

December 17, 2014

Honorable Sheriff Charles Cravens  
Fentress County, Tennessee  
140 Justice Center Drive  
Jamestown, TN 38566

Fentress County Executive and  
Board of County Commissioners  
Fentress County, Tennessee  
P.O. Box 1128  
Jamestown, TN 38556

Ladies and Gentlemen:

We performed an investigation, in conjunction with the Tennessee Bureau of Investigation, of selected records of the Fentress County Sheriff's Department for the period July 1, 2013, through April 1, 2014; however, we expanded our scope to include missing seized cash through August 31, 2014, the last day of employment of former Sheriff Anthony Choate. Mr. Charles Cravens was elected sheriff effective September 1, 2014. Our investigation revealed the following deficiencies:

- A cash shortage totaling \$2,277 existed as of August 31, 2014, in the drug control operations.
- Seized drug funds totaling \$12,885 were not deposited within three days of collection.
- Inventory records were not maintained for seized property, and inventory records were inadequate for other evidence.
- A vehicle seized in a drug offense and forfeited to the Sheriff's Department was used for purposes other than drug control.
- The Sheriff's Department had deficiencies in confidential drug fund procedures.

- The Sheriff's Department had deficiencies in purchasing procedures.

The findings and recommendations as a result of our investigation are presented below. We reviewed these findings and recommendations with the former and current sheriffs, the county executive, and the county's finance director. The former sheriff, county executive and finance director were provided an opportunity to respond. The county finance director's written response is paraphrased in this report. The other officials did not provide responses for inclusion in this report. Also, these findings and recommendations have been reviewed with the district attorney general for the Eighth Judicial District.

## INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

### FINDING 1                    **A CASH SHORTAGE TOTALING \$2,277 EXISTED AS OF AUGUST 31, 2014, IN THE DRUG CONTROL OPERATIONS**

On April 2, 2012, the Fentress County Sheriff's Department seized \$2,277 on a drug related offense. In a plea agreement dated April 30, 2012, the defendant pled no contest to the drug offense and forfeited the \$2,277. However, our review of records of the county trustee and Sheriff's Department disclosed that the forfeited funds were never received by the county trustee or deposited into a Sheriff's Department bank account. In addition, seizure forms for this drug offense were never submitted to the Tennessee Department of Safety as required by *Tennessee Code Annotated*, Section 40-33-204(g). As of August 31, 2014, the \$2,277 is unaccounted. This cash shortage resulted from a lack of management oversight. This finding has been discussed with the district attorney general.

### RECOMMENDATION

County officials should take steps to recover the \$2,277 in missing funds. The Sheriff's Department should submit all necessary seizure forms to the Tennessee Department of Safety within seven working days of the forfeiture warrant being issued as required by *Tennessee Code Annotated*, Section 40-33-204(g).

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### FINDING 2                    **SEIZED DRUG FUNDS TOTALING \$12,885 WERE NOT DEPOSITED WITHIN THREE DAYS OF COLLECTION**

During the period under examination, the Sheriff's Department did not deposit eight seizures totaling \$12,885 to a bank account within three days of collection as required by *Tennessee Code Annotated*, Section 5-8-207. As many as 15 months elapsed between the date some of these funds were seized and the date the funds were deposited in the bank. This deficiency is due to a lack of management oversight. Failure to deposit collections within three days weakens internal controls over funds and increases the risk for loss or theft.

## RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the department should deposit cash seizures in the bank within three days of collection as required by state statute.

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### FINDING 3                    **INVENTORY RECORDS WERE NOT MAINTAINED FOR SEIZED PROPERTY, AND INVENTORY RECORDS WERE INADEQUATE FOR OTHER EVIDENCE**

The Sheriff's Department did not maintain inventory records of seized property such as cash, vehicles, and personal property. Inventory records maintained for other evidence were inadequate. Therefore, we were unable to determine if the office properly accounted for all seized property and other evidence. The failure to adequately maintain inventory records of seized property and other evidence is the result of a lack of management oversight and increases the risk of loss.

## RECOMMENDATION

A perpetual inventory log should be maintained for all seized property and other evidence. At a minimum, this log should include the following: date received, defendant, case number, description, location, signatures of individuals signing evidence in and out, and disposition.

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### FINDING 4                    **A VEHICLE SEIZED FOR A DRUG OFFENSE AND FORFEITED TO THE SHERIFF'S DEPARTMENT WAS USED FOR PURPOSES OTHER THAN DRUG CONTROL**

On September 12, 2008, the Sheriff's Department seized a 2000 Ford Excursion related to a drug offense. On February 13, 2009, this vehicle was forfeited by court award to the Sheriff's Department. During our investigation, we determined that this vehicle was being used by the Fentress County Rescue Squad. *Tennessee Code Annotated*, Section 39-17-420, requires property seized and forfeited on drug offenses be used for drug control purposes or sold with the proceeds deposited into the county's Drug Control Fund. The use of this vehicle for purposes other than drug control was a result of a lack of management oversight.

## RECOMMENDATION

Seized and forfeited property related to drug offenses should be used for drug control purposes or sold with the proceeds deposited into the county's Drug Control Fund. The Sheriff's Department should take measures to recover the 2000 Ford Excursion and ensure its use for drug control purposes.

FINDING 5

**THE SHERIFF'S DEPARTMENT HAD DEFICIENCIES IN CONFIDENTIAL DRUG FUND PROCEDURES**

We reviewed confidential drug fund operations and noted the following deficiencies, which can be attributed to a lack of management oversight:

- A. Receipts were not written for any transactions between the confidential drug fund custodian and individual drug agents. The lack of receipts exposes the office to risks that funds may not be accounted for properly.
- B. Drug agents did not prepare any monthly expense reports detailing their individual confidential drug fund operations and accounting for cash on hand. The lack of monthly expense reports exposes the office to risks that funds may not be accounted for properly.

RECOMMENDATION

Receipts should be written for all cash transactions between individual drug agents and the confidential drug fund custodian. Monthly expense reports detailing all individual confidential drug operations and accounting for cash on hand should be prepared by each agent. Monthly cash counts should be performed by supervisory personnel, and any cash on hand should be reconciled with the monthly expense reports.

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**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES**

FINDING 6

**THE SHERIFF'S DEPARTMENT HAD DEFICIENCIES IN PURCHASING PROCEDURES**

As a part of our investigation, we reviewed 67 purchases of the Sheriff's Department. Our examination revealed the following deficiencies, which can be attributed to a lack of management oversight:

- A. The county's Finance Department accepted reimbursement requests or check request forms from the Sheriff's Department in lieu of issuing purchase orders for 19 of 54 applicable purchases. Purchase orders are necessary to control who has authority to make purchases and to document purchasing commitments. Also, in 17 of the above-noted 19 instances, the department paid sales tax on the purchases totaling \$59.04. The county is a tax-exempt entity; therefore, the payment of sales tax on purchases by the county is a waste of taxpayer funds.
- B. In two instances, purchases were made in excess of amounts authorized by the purchase order. This practice weakens controls over the purchasing process.
- C. In five instances, proper documentation was not on file to support disbursements; therefore, we could not determine whether these disbursements were for the benefit of the county.

- D. The county's travel policy provides that employees on one-day travel status with no overnight stay will not be reimbursed for meals. In six instances, meals were reimbursed to employees for transporting inmates. The Sheriff's Department was unable to provide documentation showing the length of time and location for each of these transports. Therefore, we could not determine if the employees properly followed the county's travel policy.

#### RECOMMENDATION

Purchase orders should be issued for all applicable purchases, and sales tax should not be paid on county purchases. Purchases should not be made in excess of amounts authorized by the purchase order. Proper documentation should be on file to support all purchases. The Sheriff's Department should comply with the county's travel policy and not reimburse employees for meals when the employee is not on overnight travel status.

#### MANAGEMENT'S RESPONSE – FENTRESS COUNTY FINANCE DIRECTOR MARSHA DELK

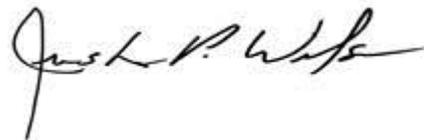
Finding 6(A) – We concur. Finance Department management and staff have attempted to limit reimbursements to employees because of our lack of knowledge of spending that is being done prior to actually receiving the reimbursement request in our office and because normally a reimbursement involves the county paying taxes. In the future, we will be more ardent in our efforts to have employees get purchase orders for purchases.

Finding 6(B) – We concur. Often, the amount of a purchase order is a close estimate made by the department requesting it. Sometimes, the purchase is actually higher than the purchase price given to the Finance Department by the person making the purchase. We will strive to make all employees see the importance of giving more accurate purchase amounts to the Finance Department when obtaining purchase orders. This gives the Finance Department a more accurate picture of a department's financial standing when the encumbered amount is more accurate. We will continue in our efforts to strengthen all components of internal control.

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If you have any questions concerning the above, please contact this office.

Sincerely,



Justin P. Wilson  
Comptroller of the Treasury

JPW/kbh