



GALLATIN CITY RECORDER'S OFFICE

Comptroller's Investigative Report April 19, 2017

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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April 19, 2017

Ms. Connie Kittrell, Recorder
and
Honorable Mayor and Members of the
City Council
City of Gallatin
132 West Main Street
Gallatin, TN 37066

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Gallatin City Recorder's Office, and the results are presented herein.

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

Gallatin City Recorder's Office

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Gallatin City Recorder's Office. As an elected official of the City of Gallatin, the city recorder is responsible for various duties pertaining to collecting taxes and fees, recordkeeping, reporting, and safeguarding of assets.

INVESTIGATIVE RESULTS

- **Former administrative assistant Jennifer Morris misappropriated city funds totaling at least \$1,173**

During the period June 2016 through December 2016, former administrative assistant Jennifer Morris misappropriated at least \$1,173 from the City of Gallatin. Ms. Morris perpetrated her misappropriation by withholding city cash collections from deposit and by taking change funds from her cash drawer. She retained this cash for her personal use.

Ms. Morris concealed her actions by manipulating the city's accounting system. Also, in at least one instance, Ms. Morris removed an entire page of duplicate receipts from the city's manual receipt book. One of these missing receipts documented her collection of a cash property tax payment that she misappropriated. Investigators discovered that a copy of the missing page of receipts was made prior to Ms. Morris removing it from the book. The receipt in question is shown below.

NOTES

RECEIPT DATE 6/14/16 NO. 405964

RECEIVED FROM [REDACTED]

ADDRESS Various Prop. Taxes 2015

FOR \$690.00

ACCOUNT		HOW PAID	
AMT. OF ACCOUNT		CASH	<u>690.00</u>
AMT. PAID		CHECK	
BALANCE DUE		MONEY ORDER	

BY J Morris

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Because Ms. Morris' scheme relied on her deliberate failure to prepare collection records and her failure to record those collections in the accounting system, additional amounts may be missing which have not been detected.

The table below sets forth the misappropriated amounts discovered in the investigation:

Summary of Known Amounts Misappropriated by Jennifer Morris	
Source of Funds	Amount
Property Taxes	\$ 690.06
Red Light Camera Enforcement Fines	265.00
Cash Drawer Change	<u>217.99</u>
Total Known Misappropriation	<u>\$1,173.05</u>

Ms. Morris admitted to Comptroller investigators that she took city funds for her personal use. Ms. Morris stated that she took the money because she needed it to pay personal bills and expenses. Ms. Morris was suspended immediately after speaking with investigators and was terminated on December 5, 2016.

This matter was referred to the local district attorney general. In April 2017, the Sumner County Grand Jury indicted Jennifer Morris on one count of Theft over \$1,000 and one count of Official Misconduct.

ADDITIONAL ISSUES

Our investigation revealed significant deficiencies in financial processes in the Gallatin City Recorder's Office that contributed to the former administrative assistant's ability to perpetrate her misappropriation scheme without prompt detection. These financial process deficiencies included:

- The city recorder failed to separate incompatible financial duties related to the collections process. In addition to receiving mail, which included some collections, the former administrative assistant received and recorded collections paid in person at the city recorder's office. She also recounted daily collections turned over by each cashier, and she reviewed, reconciled, and approved the accompanying collection reports. Further, she prepared and reviewed the requisite summary reports prior to sending them, along with the related funds, to the City of Gallatin Finance Office. No other individual in the city recorder's office reviewed these reports.
- The city recorder failed to provide increased oversight when appropriate to adequately safeguard city cash. The city recorder did not assign responsibility for reconciling the former administrative assistant's cash drawer. This enabled the former administrative assistant to remove funds for personal use on multiple occasions without detection. In addition, this enabled the former administrative assistant to stockpile, rather than deposit, mailed check collections without discovery. After the former administrative assistant's resignation, city officials discovered numerous undeposited checks in her work area, some dated weeks and even months prior.

- The city recorder did not ensure that reports of citations paid for violations detected via the city's automated red light camera were reconciled with the corresponding collection records.
- The city recorder failed to ensure that all collections were recorded promptly in the accounting system and were remitted timely to the city finance office for deposit within three business days, as required by state law.

Officials with the Gallatin City Recorder's Office and the City of Gallatin indicated that they have corrected or intend to correct these deficiencies.