

# **SPECIAL INVESTIGATION**

**OFFICE OF CIRCUIT AND GENERAL SESSIONS  
COURTS CLERK OF HARDIN COUNTY  
FEBRUARY 1, 2012, THROUGH APRIL 30, 2013**



# **State of Tennessee**

## **Comptroller of the Treasury**



**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY**

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**NASHVILLE, TENNESSEE 37243-1402**

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

February 18, 2014

Diane Polk, Court Clerk  
Hardin County Circuit and General Sessions Courts  
465 Main Street  
Savannah, TN 38372

Dear Ms. Polk:

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, conducted a special investigation of selected records of the Office of Circuit and General Sessions Courts Clerk of Hardin County which focused on the period February 1, 2012, through April 30, 2013.

Presented in this report are the findings resulting from this special investigation. 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,

L. Rene Brison, CPA, CFE, Assistant Director  
Office of the Comptroller of the Treasury

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**SPECIAL INVESTIGATION OF SELECTED RECORDS OF THE  
OFFICE OF CIRCUIT AND GENERAL SESSIONS  
COURTS CLERK OF HARDIN COUNTY  
FOR THE PERIOD FEBRUARY 1, 2012, THROUGH APRIL 30, 2013**

**CASE SUMMARY**

The Comptroller of the Treasury, Special Investigations Unit, in conjunction with the Tennessee Bureau of Investigation, performed a special investigation of selected records maintained in the Office of Circuit and General Sessions Courts Clerk of Hardin County. The investigation focused primarily on the period February 1, 2012, through April 30, 2013; however, when warranted, this scope was expanded. The special investigation revealed the following:

- Former Deputy Clerk Amber Terry misappropriated cash totaling at least \$15,008 from the clerk's office, using subsequent cash collections to conceal her misappropriation of the funds.
- In interviews with investigators, Ms. Terry admitted misappropriating approximately \$14,000 in cash from the office for her personal benefit.
- The circuit and general sessions courts clerk failed to adequately segregate employee duties and failed to ensure that all deposits were made within three business days as required by state law.

These matters were referred to the local district attorney general. On November 18, 2013, the Hardin County Grand Jury indicted Amber Terry on one count of theft over \$10,000 and on one count of official misconduct.

**INVESTIGATIVE FINDING**

Presented below is the investigative finding resulting from our special investigation of selected records maintained in the Office of Circuit and General Sessions Courts Clerk of Hardin County.

1. **FINDING: A former deputy clerk misappropriated at least \$15,008 from the clerk's office**

Our special investigation revealed that beginning at least in March 2012 and continuing through April 2013, former Deputy Clerk Amber Terry misappropriated cash totaling at

least \$15,008 from the office. Ms. Terry admitted to investigators that she took cash from daily collections for her personal use and used cash collected on subsequent days to conceal the misappropriation. Additionally, Ms. Terry subverted the clerk's established practice of rotating deposit duties among deputy clerks by voluntarily making all of the daily deposits. This enabled Ms. Terry to continue her misappropriation scheme undetected.

## **OTHER FINDINGS AND RECOMMENDATIONS**

Presented below are findings and recommendations related to internal control and compliance deficiencies noted during the special investigation. The Hardin County Circuit and General Sessions Courts Clerk indicated she has taken measures to correct these deficiencies.

1. **FINDING: Financial duties were not adequately segregated**

The circuit and general sessions courts clerk failed to adequately segregate incompatible financial duties in the office. Ms. Terry was responsible for collecting money, issuing receipts, making bank deposits, preparing and issuing checks, reconciling bank statements, and preparing accounting records. Accounting standards provide that internal controls be designed to provide reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties contributed directly to Ms. Terry's ability to perpetrate and conceal her misappropriation of office collections without detection.

**RECOMMENDATION:**

To help ensure that all office funds are accounted for and used in accordance with the clerk's purposes, and that errors or irregularities are detected promptly, the circuit and general sessions courts clerk should require an adequate system of internal controls so no employee has control over a complete financial transaction. The clerk should ensure that the individual responsible for reconciling monthly bank statements is independent of the depositing functions. The clerk should also provide increased supervision of financial transactions, such as reviewing bank statements and monthly bank reconciliations.

2. **FINDING: Collections were not deposited within three business days**

The circuit and general sessions courts clerk failed to ensure that all deposits were made within three business days as required by state statute. Section 5-8-207, *Tennessee Code Annotated*, requires county officials to deposit public funds into an official bank account within three business days of collection. In the course of our investigation, we noted that Ms. Terry held some collections remitted to the office for as long as two weeks prior to deposit. This delay in depositing funds contributed directly to Ms. Terry's ability to perpetrate and conceal her misappropriation of office collections without detection.

**RECOMMENDATION:**

To help safeguard collections and to reduce the risk of fraud, the clerk should ensure that all collections are deposited into the bank account within three business days as required by state statute.