



**HENDERSON COUNTY
OFFICE OF FINANCE DIRECTOR**

Comptroller's Investigative Report
August 18, 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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August 18, 2017

Henderson County Office of Finance Director
Henderson County, Tennessee

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury, in conjunction with the Division of Local Government Audit and the Tennessee Bureau of Investigation, conducted an investigation of pertinent records of the Henderson County Office of Finance Director, 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

HENDERSON COUNTY OFFICE OF FINANCE DIRECTOR

On March 3, 2017, we received an allegation that the Henderson County Deputy Finance Director (payroll clerk) improperly increased her salary without authorization. The Comptroller's Division of Investigations, Division of Local Government Audit, and the Tennessee Bureau of Investigation performed an examination of her payroll records, budgeted salary approved by the board of county commissioners, and performed interviews of county employees. Based on these procedures, we determined the deputy finance director paid herself unauthorized salary payments. We performed a limited scope investigation of the deputy finance director's payroll for the period July 1, 2016, through March 20, 2017. We expanded our scope as necessary.

BACKGROUND

Henderson County is in West Tennessee, and the office of finance director is in the county courthouse in Lexington, Tennessee.

RESULTS

Our investigation disclosed the following:

- The deputy finance director paid herself unauthorized salary payments totaling \$14,419.44 during the period examined.
- The financial management committee did not meet on a regular basis to provide adequate oversight over the operations of the finance department.

Findings and recommendations resulting from our investigation are presented below. These findings and recommendations have been reviewed with management. Also, these findings and recommendations have been reviewed with the district attorney general for the Twenty-Sixth Judicial District. On June 1, 2017, this matter was presented to the Henderson County Grand Jury and a no-true bill was returned.

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING 1 THE DEPUTY FINANCE DIRECTOR PAID HERSELF UNAUTHORIZED SALARY PAYMENTS TOTALING \$14,419.44

Our investigation disclosed that the deputy finance director improperly paid herself a total of \$14,419.44 in salary payments that covered 18 payroll periods with an average of \$801.08 per pay period. These unauthorized salary payments were not approved by the finance director or the board of county commissioners. On March 15, 2017, the deputy finance director admitted to investigators that she paid herself unauthorized salary payments that were not approved by the finance director or the board of county commissioners. On March 20, 2017, the deputy finance director reimbursed the county trustee \$12,750.51 by personal check. The deputy finance director has a remaining unpaid balance of \$1,668.93 due Henderson County. The Henderson County Finance Director informed the Henderson County Mayor in July 2016 that the deputy finance director was being paid an unauthorized salary; however, the deputy finance director continued to pay herself this salary until March 2017. On March 28, 2017, the Henderson County Finance Committee terminated the employment of the deputy finance director.

RECOMMENDATION

Henderson County officials should take immediate steps to recover the unpaid cash shortage of \$1,668.93. Salaries should not exceed amounts authorized by the board of county commissioners and should be properly reviewed by supervisory personnel.

FINDING 2 THE FINANCIAL MANAGEMENT COMMITTEE FAILED TO MEET ON A REGULAR BASIS

Henderson County operates under the provisions of the County Financial Management System of 1981. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. This act also provides for the creation of a financial management committee. Our investigation determined that the financial management committee has not had regularly called meetings since July 2016. The absence of regularly called meetings contributed to the improper and unauthorized salary disbursements made by the deputy finance director.

RECOMMENDATION

The financial management committee should consider meeting on a more regular basis to provide proper oversight of the finance department and fulfill its statutory obligations under Section 5-21-101, et seq., *Tennessee Code Annotated*.