



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

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October 9, 2013

Kathy Kelley, Circuit & General Sessions Courts Clerk
Maury County
41 Public Square, Room 101
Columbia, TN 38401

Dear Ms. Kelley:

On April 9, 2012, our office was informed of suspected irregularities with receipts in the Maury County Office of Circuit and General Sessions Courts Clerk. We conducted an investigation of the court clerk's office for the period September 1, 2009, through April 5, 2012. Findings and recommendations as a result of our investigation are presented below. We reviewed these findings and recommendations with the circuit and general sessions courts clerk, and her responses to the findings and recommendations are paraphrased in this report. Also, these findings and recommendations have been reviewed with the district attorney general.

INVESTIGATIVE FINDING

1. **FINDING:** A cash shortage of \$2,207 existed on April 5, 2012

A cash shortage of \$2,207 existed in the Maury County Office of Circuit and General Sessions Courts Clerk on April 5, 2012. This cash shortage resulted from a former deputy clerk in the civil court section voiding receipts totaling \$2,207, after collecting the funds and issuing receipts. The civil court section collects court costs, fines, fees, and amounts awarded to other parties by the court. According to established procedures, when a transaction is entered incorrectly, the original entry is voided and a second entry is made to enter the correct information. We noted the \$2,207 in voided receipts had either no explanation or the explanation did not match the case documentation. We identified an additional \$644.50 in questionable transactions voided by the former deputy clerk; however, the documentation was insufficient to determine whether the collected funds are missing.

In an interview on May 10, 2012, the former deputy clerk advised auditors that she borrowed funds for her personal use, did not keep records of the amounts borrowed, and concealed the missing funds by voiding transactions.

RECOMMENDATION:

County officials should take immediate steps to collect the \$2,207 cash shortage and make a determination concerning the \$644.50 in questionable transactions. All voided receipts should be supported by appropriate documentation and reviewed by supervisory personnel.

**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES
FINDINGS AND RECOMMENDATIONS**

1. **FINDING: Multiple employees operated from the same cash drawer**

Multiple employees operated from the same cash drawer in the Maury County Office of Circuit and General Sessions Courts Clerk. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this internal control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the clerk would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer.

RECOMMENDATION:

The court clerk should implement appropriate internal control procedures for collections, including assigning each employee his or her own cash drawer.

MANAGEMENT'S RESPONSE:

Circuit and General Sessions Courts Clerk:

Plans are in the future for each employee to have their own cash drawer.

2. **FINDING: Users processed transactions utilizing the same username**

Although each employee had been assigned a unique username for accessing the office's accounting software, all employees often processed transactions using the username

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logged into the counter workstation at the start of the day. If inappropriate activity was to occur, the employee responsible for this activity would not be easily identified because employees shared user accounts. Sound business practices dictate that each transaction be identified to the individual creating the transaction. This deficiency was the result of a lack of management oversight.

RECOMMENDATION:

Each employee should access the application using his or her unique username and password to ensure that transactions are properly identified to that employee.

MANAGEMENT'S RESPONSE:

Circuit and General Sessions Courts Clerk:

Steps have been put in place for each employee to use his or her unique username and password to ensure the transactions are properly identified to that employee.

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

Sincerely,



Kevin B. Huffman, CPA, CFE, CGFM
Investigative Audit Manager
Division of Investigations
Financial and Compliance Unit

KBH/RAD