



TOWN OF OAKLAND PARKS AND RECREATION

Comptroller's Investigative Report
April 18, 2017

Justin P. Wilson, Comptroller





**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF INVESTIGATIONS**

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April 18, 2017

Board of Mayor and Aldermen
Town of Oakland, Tennessee
P. O. Box 56
Oakland, TN 38060

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Town of Oakland Parks and Recreation. We performed a limited scope investigation of the director's payroll and expense claims for the period November 28, 2016, through January 20, 2017. We expanded that scope as necessary 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

Town of Oakland Parks and Recreation

In December 2016, the Comptroller's Office received an allegation that the Town of Oakland's director of the Parks, Recreation and Cultural Arts Department (the director), Neal Halvorson, had resigned his position and accepted a position with the Fayette County School System as athletic director; however, he continued to be compensated by the town. We performed a limited scope investigation of the director's payroll and expense claims for the period November 28, 2016, through January 20, 2017. We expanded that scope as necessary. On March 27, 2017, Neal Halvorson was indicted by the Fayette County Grand Jury on one count of Theft of Property (\$500 or less), and two counts of Official Misconduct.

Background

The Town of Oakland is in Fayette County and is governed by a board of mayor and aldermen. According to the town's charter, the mayor is the chief executive officer of the town. As chief executive officer, the mayor oversees the town's daily operations. The town has a parks, recreation and cultural arts department whose function is to administer the park and recreation program of the town. The department is overseen by the director of parks and recreation. The town recorder is responsible for maintaining official records including minutes of the board and the municipal code.

The Fayette County School System is in Fayette County with its central office in Somerville, Tennessee.

Results

Our investigation disclosed improper compensation totaling \$6,631.09 that includes the following:

- The director was compensated \$6,061.15 by the Town of Oakland while simultaneously receiving a salary from the school system of \$7,806.77.
- The director used a vehicle owned by the Town of Oakland while performing school system business resulting in fuel being charged to the town's Fuelman credit card for \$396.98.
- The director filed and received a travel reimbursement from the school system for mileage totaling \$172.96 while on an official school trip to Nashville, Tennessee; however, the director admitted to driving the town's vehicle on the trip.

Findings and recommendations, as a result of our investigation, are presented below. These findings and recommendations have been reviewed with management of both the Town of Oakland and the Fayette County School System. Also, these findings and recommendations have been reviewed with the district attorney for the Twenty-Fifth Judicial District.

INVESTIGATIVE FINDINGS AND RECOMMENDATIONS

FINDING 1 THE TOWN OF OAKLAND HAD A CASH SHORTAGE OF \$6,631.09 RESULTING FROM THE IMPROPER ACTIVITIES OF AN EMPLOYEE

A cash shortage of at least \$6,631.09 existed on January 20, 2017, resulting from the following improper activities of an employee who received compensation simultaneously from the Town of Oakland and the Fayette County School System:

- A. An employee received improper compensation totaling \$6,061.15 for the following disbursements from the Town of Oakland:

Amount	Category
\$2,120.80	Pay for work at the Town of Oakland during normal work hours for Fayette County Schools
1,241.15	Pay for work at the Town of Oakland – work hours not specified
1,735.20	Town of Oakland sick leave pay during normal work hours for Fayette County Schools
<u>964.00</u>	Town of Oakland holiday pay during normal work hours for Fayette County Schools
<u>\$6,061.15</u>	Total

1. During this period, the employee was paid \$2,120.80 for 88 hours by the Town of Oakland that corresponds with his work hours at Fayette County School System for those same hours.
 2. Our examination of employee time sheets from the Town of Oakland disclosed that the employee was paid \$1,241.15 for 51.5 hours that he did not document on a time sheet.
 3. The director received payments from the Town of Oakland totaling \$1,735.20 for 72 hours in sick leave while receiving a salary from the Fayette County School System.
 4. The director received payments from the Town of Oakland totaling \$964.00 for 40 hours in holiday pay while receiving a salary from the Fayette County School System.
- B. During this period, the mayor of Oakland allowed the director to continue to use a town-owned vehicle for non-town business resulting in the town's Fuelman credit card being charged for fuel totaling \$396.98.

- C. On December 12 and 13, 2016, the director went on an official school trip to Nashville, Tennessee, to attend an athletic conference. He drove the town’s vehicle to this conference. After returning to the school system, he improperly filed a mileage reimbursement claim and subsequently received a payment of \$172.96 for this trip. It should be noted that the director filed a time sheet and received pay from the Town of Oakland for these two days while being compensated by the school system for this conference.

Amount	Category
\$6,061.15	Improper Payroll Compensation – Oakland
396.98	Improper Oakland Fuelman use
<u>172.96</u>	Improper Fayette County Schools Mileage expense claim
<u>\$6,631.09</u>	Total Cash Shortage

Section 4-303 of the Municipal Code for the Town of Oakland provides that no full-time officer or employee accept outside employment without approval by the board of mayor and aldermen. Furthermore, Section 4-305 of the Municipal Code for the Town of Oakland states “that no town officer or employee shall use or authorize the use of municipal time, facilities, equipment or supplies for private gain or advantage....”

Personnel policies and procedures of the Town of Oakland require prior written approval by the mayor before any outside employment. The policy requires that before engaging in outside employment, the mayor must determine there is no conflict of interest, impairment of work performed for the town, and that the outside employment is not likely to discredit or create embarrassment for the town.

We noted that the town’s only record of the second job held by the former director of the parks, recreation and cultural arts department was in the minutes of the December 15, 2016, meeting of the board of mayor and aldermen. The mayor later acknowledged to us that he was aware the town owned vehicle may have been used for non-town purposes.

RECOMMENDATION

Officials of the Town of Oakland should take immediate steps to recover the cash shortage of at least \$6,631.09. Also, time sheets for both entities should reflect actual work hours performed by employees, and should be signed by supervisory staff as evidence of review and approval.

FINDING 2 THE BOARD OF MAYOR AND ALDERMEN DID NOT PROVIDE ADEQUATE OVERSIGHT OF THE TOWN’S OPERATIONS

The board of mayor and aldermen did not provide adequate oversight of the town’s operations and did not establish internal controls to ensure the town’s policies were followed. The lack of oversight by the board of mayor and aldermen directly contributed to the failure to properly account for the town’s funds and assets.

RECOMMENDATION

The board of mayor and aldermen should provide proper oversight of the town's operations and the establishment of adequate internal controls to ensure the town complies with applicable laws, rules, regulations, and policies.
