



SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY

Comptroller's Investigative Report
September 22, 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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September 22, 2017

Ms. Nancy D. Sutherland, Executive Director
Southeast Tennessee Human Resource Agency
P.O. Box 909
Dunlap, Tennessee 37327

Dear Ms. Sutherland:

The Office of the Comptroller of the Treasury conducted an investigation of pertinent records of the Southeast Tennessee Human Resource Agency, for the period July 1, 2015, through June 30, 2016, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson".

Comptroller of the Treasury

JPW/RAD

INVESTIGATIVE REPORT

SOUTHEAST TENNESSEE HUMAN RESOURCE AGENCY

This office performed an investigation of selected records of the Southeast Tennessee Human Resource Agency (SETHRA) for the period July 1, 2015, through June 30, 2016. Our investigation revealed the following deficiencies as noted in Finding 1.

INTERNAL CONTROL FINDING AND RECOMMENDATION

FINDING 1 SETHRA DID NOT ADOPT ADEQUATE POLICIES NEEDED TO SAFEGUARD ASSETS

SETHRA failed to adopt the policies needed to safeguard assets, which was the result of a lack of management oversight. The lack of these formal policies increases the risk of abuse.

- A. SETHRA owns approximately 190 vehicles, three of which are driven home by employees. However, SETHRA does not have a vehicle use policy detailing the appropriate use of SETHRA vehicles by employees. Sound business practices dictate that management should provide written guidelines identifying appropriate use of organization vehicles by employees. Due to the lack of a policy, we could not determine whether SETHRA vehicles were used only for appropriate purposes.
- B. SETHRA vehicles are assigned fuel cards. However, SETHRA does not have a fuel card policy detailing appropriate use of fuel cards by employees. Sound business practices dictate that management should provide written guidelines identifying appropriate use of organization fuel cards by employees. Due to the lack of a policy, we could not determine whether SETHRA fuel cards were used only for appropriate purposes.

RECOMMENDATION

SETHRA should adopt written guidelines governing the appropriate use of vehicles and fuel cards. These guidelines should identify those who are entitled to use the vehicles and fuel cards and the purposes for which they may be used.

MANAGEMENT'S RESPONSE – NANCY SUTHERLAND, EXECUTIVE DIRECTOR

We take this finding very seriously and have begun the process of developing and quickly implementing two new guidelines identifying who is entitled to use the vehicles and fuel cards and the purposes for which they may be used.