



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

Justin P. Wilson
Comptroller of the Treasury

JAMES K. POLK STATE OFFICE BUILDING, SUITE 1600
505 DEADERICK STREET
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7907
FAX (615) 532-4499

June 4, 2013

Connie H. Clark
Polk County Clerk of Courts
161 Industrial Access Circle
Benton, TN 37307

Dear Ms. Clark:

On December 10, 2012, our office was informed of suspected irregularities with receipts in the Office of Circuit and General Sessions Courts Clerk. We conducted an investigation of the court clerk's office in coordination with the Polk County Sheriff's Department for the period January 1, 2012, through December 31, 2012. Findings and recommendations, as a result of our investigation are presented below. These findings and recommendations have been reviewed with management to provide an opportunity for their response. Also, these findings and recommendations have been reviewed with the district attorney general.

- A cash shortage of \$2,702.28 existed in the Office of Circuit and General Sessions Courts Clerk on December 31, 2012.
- Multiple employees operated from the same cash drawer in the Office of Circuit and General Sessions Courts Clerk.

INVESTIGATIVE FINDING

1. **FINDING: Cash shortage of \$2,702.28 existed on December 31, 2012**

A cash shortage of \$2,702.28 existed in the Office of Circuit and General Sessions Courts Clerk at December 31, 2012. This cash shortage resulted from a former deputy clerk voiding receipts totaling \$1,322.78, after issuing a receipt to the customer and collecting

funds for the amount of the receipt. These funds were not credited to customers' cases or otherwise accounted for. Furthermore, we determined that at least \$1,379.50 of applicable fees was eliminated (zeroed out) with no documentation to support the clearing of the fees. It appears that these fees were eliminated to conceal a theft of funds. These voided receipts and elimination of fees were not supported by case files or rule docket entries. Therefore, the \$2,702.28 (\$1,322.78 plus \$1,379.50) has been reflected as a cash shortage. The deputy clerk resigned from the office on November 8, 2012.

During the course of our investigation, we were advised that each deputy clerk had unique computer court system login credentials, which were not shared among employees; therefore, transactions input into the computer system could be identified to a specific deputy clerk. We reviewed all voided transactions as well as all changes to fees made by the user. Also, it was determined that in at least one instance, the former deputy clerk gave a customer a document with knowledge of its falsity with intent that the document would be taken as a genuine government record. Furthermore, we determined that in two instances, the former deputy clerk intentionally removed and altered a government record from a case file as documentation for receipt of payment.

The following table details the cash shortage:

Date	Amount	Reason
08/10/2012	\$ 244.50	Voided Receipt
08/24/2012	89.00	Voided Receipt
09/07/2012	100.00	Fees Eliminated
09/14/2012	205.00	Fees Eliminated
09/21/2012	206.00	Fees Eliminated
09/25/2012	210.00	Voided Receipt
10/05/2012	206.00	Voided Receipt
10/12/2012	210.00	Fees Eliminated
10/16/2012	205.00	Fees Eliminated
10/24/2012	205.00	Fees Eliminated
10/31/2012	363.28	Voided Receipt
11/01/2012	210.00	Voided Receipt
11/07/2012	<u>248.50</u>	Fees Eliminated
Total Cash Shortage	<u>\$2,702.28</u>	

RECOMMENDATION:

County officials should take immediate steps to collect the \$2,702.28 cash shortage. All voided receipts and changes to fee amounts should be supported by appropriate documentation including case files and rule dockets.

MANAGEMENT'S RESPONSE:

Court Clerk:

I am very disappointed in the individual that is responsible for the discrepancies in this audit. As an elected county official, I cannot and will not tolerate anyone who conducts any wrongful transactions in their official capacity as Deputy Clerk. Hopefully, we can work with Local Government and try to correct some of the computer programs. They must be revised to help eliminate individuals from concealing discrepancies in their working capacities.

**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 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 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. This deficiency in internal controls was the result of a lack of management oversight of risks related to safeguarding assets.

RECOMMENDATION:

The circuit court clerk should assign each employee their own cash drawer.

Connie H. Clark
Polk County Clerk of Courts
June 4, 2013
Page 4

MANAGEMENT'S RESPONSE:

County Clerk:

We are in the process of correcting our procedures on each employee being responsible for their own cash drawer.

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

xc: Hoyt Firestone, County Mayor
Polk County

Honorable Steven Bebb, District Attorney General
10th Judicial District