



COMPTROLLER'S INVESTIGATIVE REPORT

Fentress County Finance Department

September 4, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

September 4, 2019

Fentress County Board of Commission
Fentress County Courthouse
101 Main Street
Jamestown, TN 38556

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Fentress County Finance Department, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 8th Judicial District, 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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

Fentress County Finance Department

The Office of the Comptroller of the Treasury, in conjunction with the Tennessee Bureau of Investigation, investigated allegations of malfeasance related to the Fentress County Finance Department (finance department). The investigation was initiated after finance department officials identified questionable purchases by an accounts payable clerk with Walmart Community credit cards (Walmart credit cards). The investigation was limited to a review of selected records for the period of December 15, 2014 through December 20, 2018. During the investigation, we were advised by finance department officials that the former accounts payable clerk also served as treasurer for the Kirby Johnson Memorial Ballpark Committee. We expanded our investigation to include selected records of that organization for the three-year period she was treasurer, January 1, 2016 through December 31, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 8th Judicial District.

BACKGROUND



The Fentress County Finance Department administers the finances of Fentress County for all funds. Some of the functions of the finance department include accounts payable, payroll, budgeting, and employee benefits. The finance department is responsible for the overall accounting function for the county government.

The accounts payable clerk is responsible for issuing checks and obtaining the required signatures on checks. The finance department requires two

signatures on each check, one signature from the finance director or deputy finance director, and a second signature provided by the county executive or the county executive's assistant.

Fentress County provides funding to various community organizations, including the Kirby Johnson Memorial Ballpark Committee, also known as the Cal Ripken League or the Babe Ruth League (the league). In 2016, 2017, and 2018, the county provided the league with \$12,000 each year. In addition to her role as an accounts payable clerk for the finance department, she also independently served as the treasurer for the league. As treasurer, she was responsible for

maintaining the league's bank account and writing checks for payment to vendors and officials, such as umpires.

RESULTS OF INVESTIGATION

1. ACCOUNTS PAYABLE CLERK KELLYE CRABTREE MISAPPROPRIATED AT LEAST \$239,680.99

During the period reviewed, accounts payable clerk Kellye Crabtree misappropriated at least \$237,615.99 from the county by purchasing prepaid Visa cards and personal items with Fentress County Walmart Community credit cards and \$2,065 by issuing unauthorized checks to herself from the league for a total misappropriation of \$239,680.99.

Walmart Community Credit Card (\$237,615.99)

From a review of records related to all transactions made with the county issued Walmart credit card, investigators found that Crabtree used the Walmart credit card to make \$237,615.99 in purchases that were unrelated to county business. The county had multiple accounts associated with the Walmart Community credit card; however, a review of credit card transactions revealed all purchases from one specific account were unrelated to county business. Such purchases include food, cigarettes, personal hygiene items, clothing, electronics, entertainment items, home items, phone cards, and prepaid Visa cards and gift cards. (**Refer to Exhibit 1**). Of this misappropriated amount, investigators determined that Crabtree used the Walmart credit card to purchase prepaid Visa cards totaling at least \$163,041.70.

Furthermore, investigators determined that of these credit card transactions, 277 were processed on Saturdays, Sundays, federal holidays, and on days in which the county government offices were closed due to snow, or days when Crabtree was on leave status.

Moreover, investigators determined that of these credit card transactions, 45 were processed at Walmart stores *not* located in Jamestown, Tennessee, the county seat of Fentress County.

Investigators determined that the county paid sales tax totaling \$5,435.33, which is included in the misappropriated amount above. County transactions are exempt from Tennessee sales taxes.

Exhibit 1

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ST# 1467 OP# 00002020 TE# 09 TR# 02725

COV SO LASHY 0046200014625      8.94 AD
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161213
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161213
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161213
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161214
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161214
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161214
MARL RD LBL 0028200136805      55.90 A
OL AH LOTION 0075609007465      8.94 AD
CC MB SRB 0381370016195         4.77 AD
OL DF CLOTH 0075609041295      11.97 AD
VISA PRESENTS 0830324006655     4.94 H
AMOUNT 060538819035K          495.00 H
7Z CB CC XSH 002100000718SF     3.48 B
7Z CB CC XSH 002100000718SF     3.48 B
MAYB EYE 004155444221S         6.94 AD
2 MILK 007874235187SF          3.49 B
GAIN LIQUID 003700028606S       9.94 AD
PIZZA ROLLS 004280002692SF      8.98 B
PIZZA ROLLS 004280002693SF      8.98 B
SUBTOTAL 635.75

*****9207 S
EXPIRATION DATE 04/18
APPROVAL # 016690
AMOUNT AUTHORIZED IS 647.80
CREDIT CARD STATUS IS APPROVED
ACCOUNT # **** *92 07 S
APPROVAL # 016690
REF # 810600628284
*Signature Verified
TERMINAL # SC010588

04/16/18 16:13:22
TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161322
BIN 603220
ACCOUNT NUMBER ██████████
WALMART CREDIT TEND 647.80

[Signature]

TE# 09 OP# 00002020 TR# 02725
DT 041618 TM 161322
SALES TAX 1 10.20
SALES TAX 2 1.85
TOTAL 647.80
CHANGE DUE 0.00
    
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Personal items
(cigarettes, lotion,
mascara, milk,
laundry detergent,
pizza rolls)

Prepaid Visa Card

Sales tax routinely paid on
improper account purchases

Crabtree was able to conceal the misappropriation by having sole responsibility for county disbursements, managing the Walmart Community credit card account, maintaining control of the Walmart credit cards, issuing purchase orders, reconciling credit card statements with receipts, and entering expenditures to account budget line items.

Crabtree's name and personal phone number were noted on the county's Walmart Community credit card account; however, the county's phone number was *not* listed on the account according to Walmart officials. According to finance department officials, the Walmart credit card statements were received by mail, and Crabtree took immediate possession of the statements. The county finance director advised that Crabtree told him she shredded the Walmart credit card statements and receipts. Furthermore, Crabtree was able to avoid detection by manipulating the county's accounting records and budget. Crabtree allocated expenditures on the Walmart credit card in question to unrelated budget line items where there was available funding in the budget.

The table below shows the misappropriated amount by month and year.

MONTH	TOTAL PURCHASES
December 2014 (Partial)	2,147.80
January 2015	4,398.02
February 2015	2,053.22
March 2015	7,023.54
April 2015	4,828.27
May 2015	7,086.81
June 2015	6,905.36
July 2015	4,141.01
August 2015	7,538.68
September 2015	7,968.91
October 2015	7,234.98
November 2015	7,257.16
December 2015	5,662.79
2015 TOTAL	72,098.75
January 2016	5,836.94
February 2016	4,323.85
March 2016	6,914.84
April 2016	4,929.44
May 2016	5,074.73
June 2016	4,064.86
July 2016	4,336.82
August 2016	5,877.04
September 2016	4,347.45
October 2016	4,229.05
November 2016	4,754.79
December 2016	2,634.11
2016 TOTAL	57,323.92

MONTH	TOTAL PURCHASES
January 2017	4,778.02
February 2017	2,742.97
March 2017	4,668.49
April 2017	4,271.48
May 2017	4,409.03
June 2017	3,480.53
July 2017	5,676.82
August 2017	5,900.15
September 2017	4,928.41
October 2017	5,683.08
November 2017	3,515.40
December 2017	8,390.23
2017 TOTAL	58,444.61
January 2018	7,392.08
February 2018	3,715.97
March 2018	7,263.98
April 2018	2,122.15
May 2018	3,596.47
June 2018	3,684.62
July 2018	4,427.42
August 2018	4,050.25
September 2018	3,340.34
October 2018	3,503.43
November 2018	3,938.26
December 2018 (Partial)	565.94
2018 TOTAL	47,600.91
TOTAL PURCHASES	237,615.99

Kirby Johnson Memorial Ballpark Committee (\$2,065)

Investigators determined that Crabtree, in her capacity as the treasurer for the league, misappropriated \$2,065 by writing unauthorized checks to herself and signed the league president's name without his permission or knowledge. The league president stated there was no reason why Crabtree should have received payments from the league, since the treasurer position was a volunteer role.

The county terminated Crabtree's employment on December 20, 2018. Investigators made multiple attempts to speak with Crabtree; however, she refused to schedule a meeting or return our phone calls.

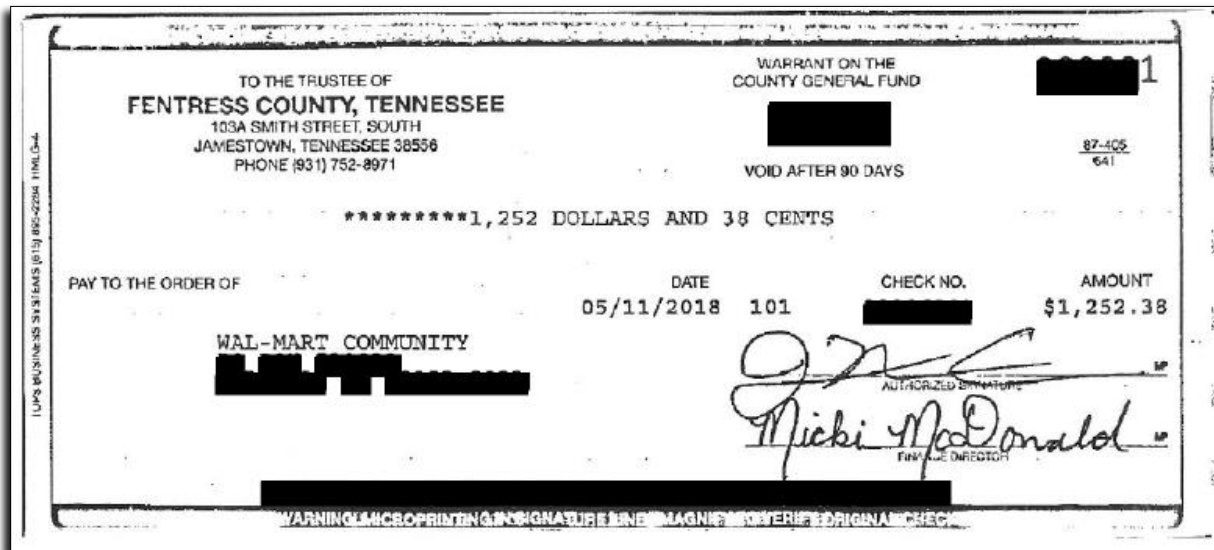
2. ACCOUNTS PAYABLE CLERK KELLYE CRABTREE SIGNED OTHER INDIVIDUAL'S NAMES IN 181 INSTANCES ON CHECKS TOTALING \$120,105.19 WITHOUT THEIR KNOWLEDGE

Accounts payable clerk Kellye Crabtree was responsible for issuing county checks and obtaining signatures from authorized individuals. County policy requires checks to have one signature from the Fentress County Executive's Office and one signature from the Fentress County Finance Department. Without their knowledge, Crabtree signed one or both of the official's names in 172 instances on 106 checks totaling \$118,040.19. Of the 106 checks, Crabtree wrote 93 checks to pay on the Walmart Community credit card referenced above.

Investigators determined that Crabtree signed checks without permission or knowledge of the former county executive 66 times, the former finance department deputy director 82 times, and the current county executive's assistant 24 times.

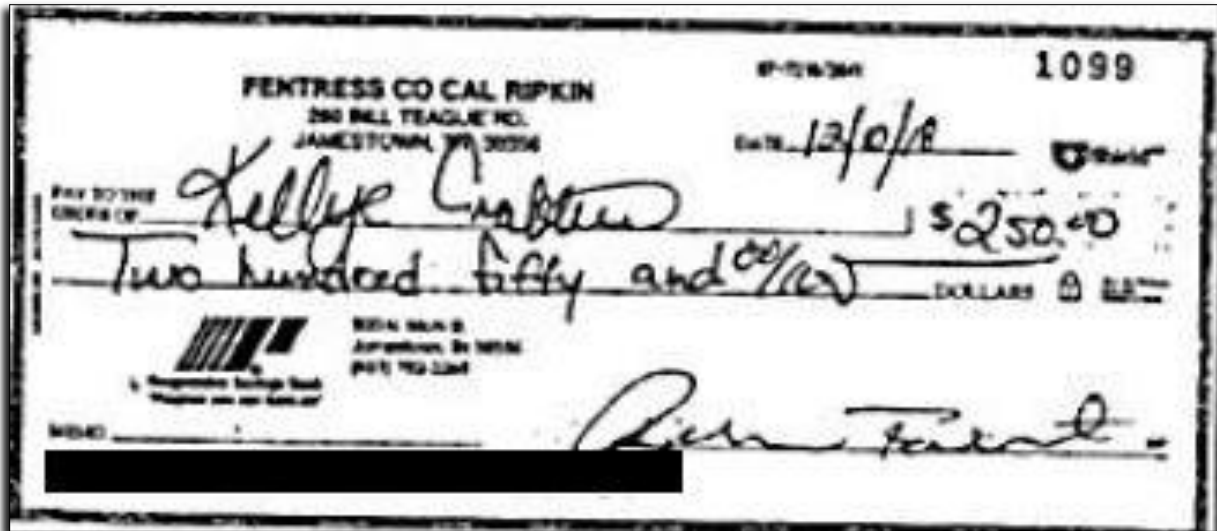
As noted above, investigators determined that as league treasurer, Crabtree issued checks from the league to herself and signed the the league president's name without permission or knowledge on 9 checks totaling \$2,065. (**Refer to Exhibits 2 and 3**).

Exhibit 2



Example of a check issued to Walmart Community in which Crabtree signed for two officials without permission or knowledge.

Exhibit 3



Example of an unauthorized check issued to Crabtree in which she signed the league president's name without permission or knowledge.

3. EXPENDITURES TOTALING \$13,324.40 ARE QUESTIONABLE

Investigators determined that the county had questionable expenditures of at least \$13,324.40, which were not for a business-related purpose. Crabtree maintained possession of some of the Walmart Community credit cards; however, various departments also used the credit cards. Crabtree failed to maintain a sign-in/sign-out log for the credit cards; therefore, investigators could not determine who made the questionable purchases.

On September 3, 2019, the Fentress County Grand Jury indicted Kellye R. Crabtree on one count of Theft over \$60,000.

[Fentress County Finance Department Investigation Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal controls, some of which contributed to Crabtree's ability to perpetrate her misappropriation and forgery without prompt detection. These deficiencies included:

Deficiency 1: Management did not provide adequate oversight or use sufficient operational controls to promote accountability for the use of funds

Management did not provide adequate oversight of county operations and did not establish internal controls to ensure accountability of county funds. Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. Management failed to separate financial duties. Crabtree maintained physical custody of Walmart credit cards, received Walmart credit card statements, maintained supporting documentation, generated check disbursements, and maintained accounting records. Failure to adequately separate financial duties increases the risk that misappropriation or errors will occur and not be detected timely.

Deficiency 2: Failure to pay obligations on time

The county incurred finance charges totaling \$570.74. The county had sufficient funds to pay the credit card bills each month, however, payments were often delinquent. There was no acceptable reason to incur finance charges.

Fentress County officials indicated that they have corrected or intend to correct these deficiencies.
