



COMPTROLLER'S INVESTIGATIVE REPORT

Crockett County Circuit Court Clerk's Office

January 27, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

January 27, 2020

Crockett County Circuit Court Clerk
Mr. Kim Kail
1 South Bell Street
Suite 6
Alamo, TN 38001

Mr. Kail:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Crockett County Circuit Court Clerk's Office, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorneys General of the 28th and 29th Judicial Districts, 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

Crockett County Circuit Court Clerk's Office

The Office of the Comptroller of the Treasury investigated allegations of malfeasance involving the former bookkeeper of the Crockett County Circuit Court Clerk's Office. The investigation was initially limited to selected records for the period July 1, 2018, through June 30, 2019; however, investigators expanded the scope to include a cash count of the office conducted on July 2, 2019, and daily receipts from July 20, 2017. The District Attorney General of the 29th Judicial District was assigned as the District Attorney General Pro-Tem, from the 28th Judicial District. The results of the investigation were communicated with the Office of the District Attorney General of the 29th Judicial District.

BACKGROUND



Crockett County, Tennessee was formed in 1871 and was named after the famous frontiersman and congressman Davy Crockett. The Crockett County Circuit Court Clerk is responsible for keeping the records and other administrative duties for three courts: circuit, general sessions and juvenile. Such administrative duties include the collection of all court costs, fines, and other charges assessed by the courts. The office employs a computerized system to account for all

collections. When a payment is made, it is recorded into the system. A paper copy is printed out and given to the person who made the payment and a duplicate is saved and stored electronically in the system.

RESULTS OF INVESTIGATION

BOOKKEEPER APRIL HICKS MISAPPROPRIATED AT LEAST \$35,533.84 FROM THE CROCKETT COUNTY CIRCUIT COURT CLERK'S OFFICE

During the period reviewed, bookkeeper April Hicks misappropriated at least \$35,533.84 from the Crockett County Circuit Court Clerk's Office by failing to deposit collections and voiding previously issued receipts as noted below:

A. Collections not deposited

Investigators reviewed bank statements and daily deposits for all three courts operated by the Circuit Court Clerk and determined that a total of \$25,415.84 in daily collections for General Sessions Court were not deposited into its bank account. Each of these daily deposits was prepared by Hicks or consisted solely of Hicks' cash drawer receipts.

The table below summarizes the daily collections that were not deposited into the court clerk's bank account.

Date	Daily Receipts	Bank Deposit	Difference
7/20/2017	\$ 1,803.00	\$ -	\$ (1,803.00)
9/25/2018	2,646.00	2,646.55	0.55
10/12/2018	400.00	-	(400.00)
11/8/2018	2,841.60	-	(2,841.60)
11/29/2018	4,024.97	-	(4,024.97)
12/13/2018	2,779.50	-	(2,779.50)
12/19/2018	2,918.00	-	(2,918.00)
1/11/2019	1,069.00	-	(1,069.00)
1/24/2019	3,133.11	3,133.61	0.50
2/8/2019	1,381.00	-	(1,381.00)
4/5/2019	1,444.50	-	(1,444.50)
4/18/2019	1,206.50	-	(1,206.50)
4/22/2019	-	750.50	750.50
4/23/2019	2,790.46	-	(2,790.46)
4/26/2019	1,402.00	-	(1,402.00)
5/3/2019	4,792.21	1,996.90	(2,795.31)
5/23/2019	2,900.28	4,094.23	1,193.95
5/31/2019	3,451.61	2,946.11	(505.50)
Total	\$ 40,983.74	\$ 15,567.90	\$ (25,415.84)

B. Voided receipts

Investigators analyzed all voided receipts for the period reviewed and determined that Hicks was voiding receipts as part of the daily deposit close-out process. There were 18 voided receipts totaling \$10,118 that were not re-receipted and for which there were no valid reasons for the voids. These voided receipts occurred regularly one or two

days after the original receipt was written and often just before the daily deposit close-out in the court clerk's accounting software. Hicks' username was used to void 13 of the 18 receipts associated with those daily deposits. The remaining five voided receipts and daily deposit close-outs were not logged under Hicks' profile/username in the accounting software; however, investigators spoke with the other profile owners regarding those transactions, and the owners explained that they did not enter those five items in the software. They stated that was part of Hicks' job duties, and Hicks did not question the paperwork or deposits. (Refer to Exhibits 1 and 2).

Exhibit 1

RECEIPT

Circuit Court Clerk, Kim Kail
Crockett Co General Sessions Court
1 South Bells Street, Suite 6
Alamo, TN 38001
(731)696-5462

No: 160402

	Receipt Date: 07/06/2018
	System Date: 07/05/2018

Received Of: [REDACTED]

	Total Amount Paid: \$512.00
	Payment Method/No: Cash \$512.00
	Amount Tendered: \$512.00
	Amount Returned: \$0.00

Case: [REDACTED] Citation Number: [REDACTED]

State Of Tn vs. [REDACTED] UNDERAGE DRIVING Amount Paid: PAID IN FULL \$12.00

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Kim Kail

By: [REDACTED]
April Hicks, April

General		Fee Details		Audit		
Master Type	Action	Description	User Name	Old Value	New Value	Modified Date
Financial	U	acTransaction_ID_Deposit	april		Daily Deposit	7/5/2018 2:19:52 PM
Financial	U	acTransaction_Status	april	Open	Posted	7/5/2018 2:19:51 PM
Financial	U	acTransaction_Void	april	N	Y	7/5/2018 12:30:36 PM

Copy of the original receipt issued and audit log for receipt number 160402. This receipt was issued by Hicks on 7/6/18. However, the void and daily deposit were back dated to 7/5/18 due to batch dating by the court clerk's accounting software.

Exhibit 2

General Fee Details Audit						
1 - 3 of 3 << First < Prev Next > Last >>						
Master Type	Action	Description	User Name	Old Value	New Value	Modified Date
Financial	U	acTransaction_ID_Deposit	april		Daily Deposit	12/31/2018 4:10:38 PM
Financial	U	acTransaction_Status	april	Open	Posted	12/31/2018 4:10:38 PM
Financial	U	acTransaction_Void	april	N	Y	12/31/2018 4:06:07 PM

Close More Options

General Fee Details Audit	
Batch ID:	12/27/2018
Status:	Posted
Transaction Type:	Receipt
Transaction Date:	12/27/2018
Receipt Group:	General Sessions
Receipt Type:	Regular
Receipt Number:	164199
Received Of:	[REDACTED]
Description:	[REDACTED]
Amount:	\$173.50
	<input type="checkbox"/> This is a manual receipt
Void Date:	12/31/2018
Void Reason:	Received on wrong case

The audit log for receipt number 164199 from the court clerk's accounting software showing the receipt was issued on 12/27/18 but was not voided until 12/31/18 and voided approximately four minutes before the daily deposit close-out. This voided receipt was originally issued by another user but was voided by Hicks four days later. Furthermore, the stated reason for the void was that it was receipted on the "wrong case," but after being voided this receipt was not applied to any case.

The table below summarizes the total shortage for the Crockett County Circuit Court Clerk's Office.

Summary of Shortage	
Collections not deposited	\$ 25,415.84
Voided Receipts	10,118.00
Total Shortage	\$ 35,533.84

Bookkeeper April Hicks' voluntarily left the employment of the office on May 31, 2019.

On January 24, 2020, the Crockett County Grand Jury indicted April Hicks on one count of Theft over \$10,000, five counts of Official Misconduct and three counts of Destruction of and Tampering with Government Records.

[Crockett County Circuit Court Clerk's Office Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to Hicks' ability to perpetrate her misappropriation without prompt detection. These deficiencies included:

Deficiency 1: Duties were not segregated adequately

Duties were not segregated adequately among the official and employees in the Circuit Court Clerk's Office. The bookkeeper was responsible for issuing and voiding receipts, maintaining the accounting records, preparing and making deposits, and signing checks. Sound business practices dictate that the official is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. Adequate segregation of duties supports good internal controls which could aid in preventing and deterring misappropriations such as those noted in the finding above.

Deficiency 2: The office did not perform reconciliations timely

Bank statements for the Circuit Court Clerk's Office were not reconciled with the general ledger timely, and bank statements for the General Session's Court were not reconciled for April 2019 through June 2019 until August 2019. In addition, daily cash drawer reconciliations were not performed timely resulting in an immaterial shortage being carried forward. Sound business

practices dictate that bank statements should be reconciled with the general ledger monthly, and cash drawers should be reconciled with collections daily. Failing to reconcile bank statements and cash drawers on a current basis increases the risk that errors or misappropriation will not be detected in a timely manner.

Deficiency 3: The office did not deposit all funds within three days of collection

During our review of the Circuit Court Clerk's reconciliations and the composition of daily deposits, we noted at least 12 instances where funds were not deposited within three days of collection. Section 5-8-207 *Tennessee Code Annotated*, requires all funds to be deposited in the official bank account within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

Deficiency 4: Usernames and passwords were shared by some employees

Although each employee had been assigned a unique username and password for accessing the office's accounting software, investigators determined that some employee usernames and passwords were being used by multiple individuals when processing transactions. If inappropriate activity were to occur, the employee responsible for this activity would not be easily identified because of the shared username and password. Sound business practices dictate that each transaction be identified to the individual creating the transaction.
