



COMPTROLLER'S INVESTIGATIVE REPORT

Hardin County Animal Services Director

November 16, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

November 16, 2023

Hardin County Mayor's Office
and Board of Commissioners
456 Main Street
Savannah, TN 38372

Hardin County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Hardin County Animal Services Director, 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 24th Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Hardin County Animal Services Director

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the former Hardin County Animal Services Director. The investigation was initiated after the Comptroller's Office received allegations that cash receipts had been voided and removed from shelter records. The investigation was limited to selected records for the period from January 1, 2019, through January 31, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 24th Judicial District.

BACKGROUND



The Hardin County Animal Services (shelter) is located in Savannah, Tennessee, and provides full animal shelter support for county residents. The shelter rehomes animals, educates the community about animal responsibility, and works with volunteers who serve the shelter. The shelter generates revenue through donations and fees received for services provided, such as adoptions, and from funds provided by the county. The Animal Control Committee and County Commission oversee the shelter.

Christopher Sikes began his employment with the shelter as an animal control officer in January 2017 and was promoted to director of the shelter in January 2019. As director, Sikes was responsible for managing all day-to-day operations of the shelter, including reconciling daily collections and depositing them with the Hardin County Trustee (Trustee). Additionally, Sikes was the only administrator of the shelter's accounting system, which gave him the sole ability to void transactions. Sikes' employment with the shelter was terminated in January 2023.

RESULTS OF INVESTIGATION

- **FORMER HARDIN COUNTY ANIMAL SERVICES DIRECTOR CHRISTOPHER SIKES MISAPPROPRIATED COLLECTIONS TOTALING AT LEAST \$12,117**

From January 1, 2019, through January 31, 2023, Sikes misappropriated at least \$12,117 from the shelter by voiding receipts and failing to deposit all fees collected as follows:

A. Sikes improperly voided receipts totaling at least \$8,459

As director, Sikes was the only shelter employee authorized to void receipts in the accounting software. Investigators analyzed all voided receipts for the period reviewed and determined that Sikes voided 142 receipts, from 130 customers, totaling at least \$8,459. Investigators confirmed that the collections were not re-receipted nor deposited.

Investigators noted Sikes voided receipts within days or months after the original receipt date (**Refer to Exhibit 1**).

Exhibit 1

Receipt#	Date	Time	Amount	Void Date	Void Time	Voided By	Workdays
Surrender Fee No Shots	3/19/2021	3:43 PM	\$20.00	6/1/2021	11:12 AM	Chris	51
Donation	1/18/2022	2:10 PM	\$100.00	2/8/2022	9:44 AM	Chris	16

Void receipts report

Investigators interviewed shelter employees and customers to determine if the voided receipts were refunded. Employees stated that services provided by the shelter are nonrefundable. When money is collected at the shelter it is immediately dropped into a safe, which only the director can access; therefore, refunds cannot be provided. Investigators contacted numerous customers who had their receipts voided and all confirmed that no refund was received. One customer provided paperwork associated with a receipt which clearly stated the service was nonrefundable (**Refer to Exhibit 2**).

Exhibit 2

If at any time I desire to relinquish custody of the animal, or Hardin County Animal Services demands the animals return for any reason, I agree to relinquish the animal to Hardin County Animal Services without claim for expenses (Licencing, care, food, or services).

The \$ 75.00 non-refundable adoption fee includes a spayed or neutered dog or cat, implanted micro-chip, rabies vaccination and an offer of one (1) month free pet insurance.

I hereby understand and agree that Hardin County Animal Services makes no representations or warranties, expressed or implied, about the above mentioned animal's temperament and is hereby absolved from any liability for future damages or injuries caused by said animal. I also understand and agree that the current owner further gives no guarantees, expressed or implied, of the suitability of the animal to the adopter and/or his family.

Adoption Agreement with non-refundable adoption fee

B. Sikes failed to deposit collections totaling at least \$3,658

Sikes failed to properly deposit at least \$3,658 in fees collected at the shelter. As director, Sikes was responsible for depositing all collections received by the shelter intact with the Trustee. Investigators analyzed shelter revenue reports and found that collections totaled \$24,618 for the period reviewed. However, the Trustee deposit records revealed that Sikes only deposited \$20,960 in collections.

Shelter employees confirmed Sikes was the only person who could access collections from the safe, prepare shelter collections for deposit, and deliver deposits to the Trustee.

Receipts Not Deposited	Amount
Animal Shelter Receipts	\$ 24,618
Trustee Deposits	20,960
Total Receipts Not Deposited	\$ 3,658

Investigators interviewed Sikes who admitted he was responsible for all money collected on behalf of the shelter. Sikes stated that he was the only employee at the shelter authorized to void receipts but claimed he rarely voided receipts. Sikes stated that if voids occurred, under normal circumstances, they would be immediately re-receipted. Sikes claimed he did not know how funds could be collected at the shelter and not deposited with the Trustee.

Summary of Christopher Sikes Misappropriation	
Description	Amount
A. Void Receipts	\$ 8,459
B. Undeposited Receipts	3,658
Total Misappropriation	\$ 12,117

Sikes was able to conceal his misappropriations by failing to provide the Trustee with revenue reports from the shelter's accounting system.

On November 13, 2023, the Hardin County Grand Jury indicted Christopher Justin Sikes for one count of Theft of Property over \$10,000, one count of Forgery over \$10,000, one count of Computer Crimes over \$2,500, one count of Destruction of and Tampering with Governmental Records, and one count of Official Misconduct.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Hardin County Animal Services Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal control and compliance, some of which contributed to the former shelter director's ability to perpetrate misappropriations without prompt detection:

Deficiency 1: Management did not provide adequate oversight of operations and did not design or implement effective internal controls

Investigators noted multiple deficiencies in internal controls, which are a direct result of a lack of management oversight. Tenn. Code Ann. § 9-18-102 expressly requires management to establish and maintain internal controls to provide reasonable assurance that funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation. Management is responsible for designing effective internal controls to give reasonable assurance that revenues and expenditures are properly recorded and accounted for to permit the preparation of accurate and reliable financial reports and the effectiveness and efficiency of operations. The *Internal Control and Compliance Manual* instructs management that adequate oversight and internal control framework reduce the risks that errors or misappropriations will remain undetected. The shelter had the following internal control deficiencies:

- 1) Management did not segregate financial duties. The former shelter director had exclusive control over accessing and counting the shelter's collections, preparing the collections for deposit, and carrying the deposit to the Trustee. Also, the former shelter director was the only shelter employee with access to the office's accounting system with the capability to alter transaction reports before delivering collection deposits to the Trustee. Sound business practices dictate that officials are responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. Separating financial duties reduces the risk that errors or misappropriations will go undetected.

- 2) Management failed to create or adopt a written policy establishing, consistent with legal requirements, for collection procedures, documentation requirements, system controls, and any other guidelines necessary for the effective financial management of the animal services provided.

Deficiency 2: Management did not ensure that shelter funds were deposited within three days of collection

Investigators noted that most collections were not deposited within three days of collection. Tenn. Code Ann. § 5-8-207 requires the shelter to deposit receipts within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risk of fraud and misappropriation.

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