



COMPTROLLER'S INVESTIGATIVE REPORT

Lake County Sheriff's Department

November 16, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

November 16, 2023

Lake County Mayor
and Board of Commissioners
229 Church Street, Box 1
Tiptonville, TN 38079

Lake County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Lake County Sheriff's 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 29th 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

LAKE COUNTY SHERIFF'S DEPARTMENT

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Lake County Sheriff's Department. The investigation was initiated after Lake County officials discovered the department's inmate commissary account was out of balance and they could not pay for inmate commissary products. The investigation was limited to selected records for the period from January 1, 2018, through July 11, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 29th Judicial District.

BACKGROUND



The Lake County Sheriff's Department (department) is located in Tiptonville, Tennessee, and is overseen by the elected sheriff who serves a four-year term. The sheriff holds a multitude of statutory duties including keeping the peace, preventing crime, making arrests, and operating the county jail. Pursuant to Tenn. Code Ann. § 8-8-201(3), the county sheriff is responsible for the jail and for the inmates in the custody of the jail. As part of jail operations, the sheriff may allow inmates to purchase commissary items, consisting of necessities such as snacks, toiletries, etc. Inmates must deposit money in a trust account held by the sheriff for the benefit of the inmates and the purchase of these items, as provided in Tenn. Code Ann. § 41-4-142.

As a county official, the sheriff is required by Tenn. Code Ann. §§ 5-8-501 and 5-8-502 to adopt a standard, modern, and effective bookkeeping and accounting system established and prescribed by the

Comptroller of the Treasury. Pursuant to Tenn. Code Ann. § 4-3-304, all accounts of inmate trust funds in the hands of the sheriff are subject to annual audit by the Comptroller's Department of Audit.

Neina Ceaser was appointed jail administrator in June 2016. Prior to this role, Ceaser served as a correctional officer, secretary, and dispatcher since 2010. As jail administrator, Ceaser is responsible for the supervision of the correctional officers and dispatchers, the health and welfare

of inmates, sex offender warrants, and the department's accounting general ledger. Lastly, Ceaser is responsible for overseeing inmate commissary accounts, which includes making cash deposits of inmate booking and commissary funds and ensuring the commissary supplier invoices are paid.

RESULTS OF INVESTIGATION

1. JAIL ADMINISTRATOR NEINA CEASER MISAPPROPRIATED AT LEAST \$35,158.88 OF INMATE COMMISSARY FUNDS AND BOOKING DEPOSITS

From January 1, 2018, through July 11, 2023, Ceaser misappropriated a total of at least \$35,158.88 of inmate commissary account funds by exercising exclusive control over and failing to deposit cash that was collected in kiosk machines (kiosks) maintained at the department. The department has two kiosks that are used to collect cash that is posted to inmate's commissary accounts (**Refer to Exhibit 1**). One kiosk is located in the front lobby of the department, where individuals can place funds in an inmate's commissary account so the inmate can purchase snacks, drinks, and other items. This kiosk accepts credit cards and cash as payment methods but does not accept coins. The other kiosk, which does accept coin payments, is located in the booking area where inmates are initially brought into department custody. If an inmate has any cash or coins on their person when they are booked, the funds are placed in their commissary account, utilizing the booking area kiosk. When an inmate is released, the department pays any remaining commissary account funds to the inmate by check.

Exhibit 1



The kiosks that are located in the lobby and booking areas

From June 2016 to October 2022, Ceaser was responsible for emptying the cash collected in both kiosks, counting the cash, completing the bank deposit slip, and taking the cash to the bank. Ceaser informed investigators that she would take the cash out of the kiosks and deposit the cash in the bank about one to three times per week; however, investigators noted instances where there were no bank deposits for weeks at a time. Investigators noted that from June 1, 2018, to July 11, 2023, a total of \$143,146.62 in cash was collected by the kiosks; however, only \$107,987.74 in cash was deposited into the inmates' commissary bank account. Investigators compared the cash collections in the kiosks to the department's cash deposits and discovered that Ceaser failed to deposit \$35,158.88 of inmate funds into the inmates' commissary bank account.

Summary of Misappropriation by Year

Year	Amount
2018	\$8,470.70
2019	16,893.47
2020	315.66
2021	3,811.68
2022	5,667.37
2023	0.00
Total	\$35,158.88

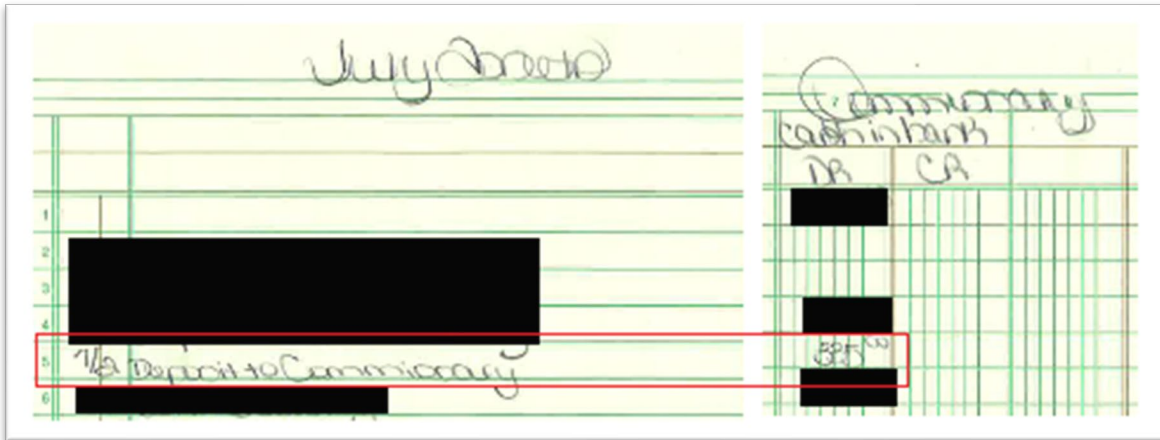
In November 2022, the department designated a different employee to collect and count the cash from the kiosks, and a second employee to conduct another cash count behind the first employee. From November 1, 2022, through July 11, 2023, investigators noted \$4,687.19 more in department cash deposits than department cash collections. Ceaser informed investigators that this discrepancy was cash that department employees manually collected when the kiosks were not functioning correctly.

2. CEASER FALSIFIED GENERAL LEDGER JOURNAL ENTRIES AND DEPOSIT SLIPS TO CONCEAL HER MISAPPROPRIATION

As jail administrator, Ceaser was responsible for completing the department's monthly general ledger (ledger). Ceaser stated that she entered the amount of cash that was counted from the kiosks in the ledger, which matched the amount that was deposited in the inmates' commissary bank account. However, investigators noted that the cash deposits did not represent the total amount of cash collected in the kiosks. Ceaser concealed her misappropriation by posting false journal entries that were inaccurate representations of the amount of cash actually collected in the kiosks.

For example, on July 2, 2019, \$335 in cash was deposited in the inmates' commissary bank account. However, the cash collection log shows that \$2,238 had been collected in the kiosks since the previous deposit was made on May 31, 2019. The entry that Ceaser recorded in the ledger for July 2, 2019, was a debit to the inmates' commissary bank account for \$335 (**Refer to Exhibit 2**). Although this entry accurately shows a cash deposit to the inmates' commissary bank account, both the deposit and journal entry were understated by \$1,903.

Exhibit 2



Falsified general ledger journal entry posted by Ceaser dated July 2, 2019

3. DEPARTMENT EMPLOYEES FAILED TO RECEIPT \$4,687.19 OF MANUALLY COLLECTED CASH

While comparing the cash collection logs to the cash deposits, investigators noted that there was additional cash deposited that was not reflected in the collection logs. In total, investigators found that \$4,687.19 in cash was collected but never receipted by department employees. According to Ceaser, this amount represents cash given directly to Ceaser due to the kiosks not functioning properly.

Summary of Ceaser's Misappropriation

Description	Amount
Total Cash Collections	\$143,146.62
Less: Cash Deposits	(107,987.74)
Total Misappropriation	<u>\$35,158.88</u>

On November 13, 2023, the Lake County Grand Jury indicted Neina Ceaser for one count of Theft of Property over \$10,000, 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.

[Lake County Sheriff's Department Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

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

Deficiency 1: Officials did not ensure adequate oversight over the department's kiosks

Department officials did not provide adequate oversight and failed to implement effective internal controls over cash collected in the kiosks. Management is responsible for designing effective internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Providing adequate oversight and establishing internal controls reduces the risk of errors or intentional misappropriations remaining undetected. The department had the following internal control deficiencies related to cash collections:

- A. The department did not have adequate segregation of duties regarding cash collections. Ceaser was responsible for taking the cash out of the kiosks, counting the cash, depositing the cash, and posting journal entries that reflected the cash deposits. Department officials also stated that a second department employee did not always count the cash collected from the kiosks.
- B. The cash collected in the kiosks was not adequately tracked. Department officials did not prepare or retain documentation that identified and detailed who collected the cash from the kiosks and how much cash was counted.
- C. The key to the kiosks was not adequately secured. Investigators noted that the key to the kiosks was kept in an unlocked drawer in Ceaser's office. Failure to secure the key to the kiosks increases the risk of unauthorized access to the commissary cash collections.

Deficiency 2: Commissary collections remitted to the department were not receipted

Department employees did not always issue a receipt to customers when commissary collections were remitted to the main office. When an individual inputs cash in a kiosk to be posted to an inmate's commissary account, a receipt is automatically generated and dispensed to the customer. Investigators found that a total of \$4,687.19 in cash was manually collected by department employees when the kiosk machines were not working correctly; however, the department did not have or maintain any documentation to show the cash being received by the employee. Tenn. Code Ann. § 9-2-103 requires that each county official who receives any sum in their official capacity shall issue to the payer thereof a receipt and shall retain a duplicate thereof in their office. To ensure accountability over funds, department employees should issue receipts when commissary funds are collected. Pursuant to Tenn. Code Ann. § 9-2-104, the department should use and issue consecutively prenumbered receipts in duplicate from a receipt book that allows for a copy of the receipt to be given to the customer and a carbon copy of the receipt for the department to retain for inspection of documentation upon demand. The failure to issue receipts for all collections is a

violation of state statute, weakens internal controls over collections, and increases the risk of fraud and misappropriation.

Deficiency 3: Department officials failed to ensure that inmate commissary cash was deposited within three days of collection

Tenn. Code Ann. § 5-8-207 requires county officials handling public funds to deposit the funds to the county's official bank account within three days after the collection of the funds. Investigators noted instances where cash was collected in the kiosks on a daily basis; however, cash deposits were only made approximately one to three times per month. The failure to deposit funds within three days of receiving funds increases the risk of fraud and misappropriation.

Department officials indicated that they have corrected or will correct these deficiencies.
