

# Special Report

## Arkansas Legislative Audit

### Prosecuting Attorneys

Disposition of Matters Referred by the  
Legislative Joint Auditing Committee

For the period January 1, 2021 through December 31, 2021



## INTRODUCTION

This report is issued to provide the Legislative Joint Auditing Committee (LJAC) a summary of the disposition of matters referred to the Prosecuting Attorneys of the State's 28 judicial districts. A map of judicial districts is provided in **Exhibit I on page 5**.

## BACKGROUND

### Arkansas Code Requirements

Ark. Code Ann. § 10-4-419, provided in **Appendix A**, requires the Legislative Auditor to notify the appropriate Prosecuting Attorney of transactions reflecting apparent unauthorized disbursements or unaccounted for funds or property by a public official or employee. The Legislative Auditor also notifies and cooperates with the appropriate Prosecuting Attorney on all matters that appear to involve a criminal offense. Furthermore, Ark. Code Ann. § 10-4-419 requires the Legislative Auditor to report findings related to a Prosecuting Attorney's Office to the Attorney General for review and appropriate action.

Ark. Code Ann. § 10-4-419 also directs Prosecuting Attorneys to report to LJAC by June 30 of each year the status or disposition of any matter referred to them by the Legislative Auditor or LJAC.

Ark. Code Ann. § 21-2-708 directs the Legislative Auditor, with LJAC approval, to notify the Arkansas Governmental Bonding Board (Bond Board) of audit reports reflecting apparent improper transactions for which a public official, officer, or employee may be liable. The Bond Board determines whether a loss is covered by the Arkansas Self-Insured Fidelity Bond Program. As of January 1, 2012, entities are required to meet a \$2,500 deductible per occurrence before payment is made by the Bond Board. The Fidelity Bond Program coverage limit is \$300,000 per occurrence, effective July 1, 2015.

### Memorandum of Understanding

In response to LJAC's request to formalize interaction relating to "white collar crime" among Arkansas Legislative Audit (ALA), Arkansas State Police, and Prosecuting Attorneys, the parties agreed to a Memorandum of Understanding, approved by LJAC on July 14, 2006, and presented in **Appendix B**.

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Report ID: IRPA02822

Report Date: October 31, 2022



## OBJECTIVES

The objectives of this special report are as follows:

- Compile responses from each Prosecuting Attorney concerning all matters referred by the Legislative Auditor or LJAC.
- Present disposition information concisely for LJAC.

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## SCOPE AND METHODOLOGY

Disposition information submitted by Prosecuting Attorneys was compiled for the period January 1, 2021 through December 31, 2021. Matters referred to Prosecuting Attorneys *prior to* January 1, 2021, but unresolved as of October 31, 2022, are also included in this report.

Relevant Arkansas Code, state circuit and state district court orders, federal district court orders, and audit-related files were reviewed. In addition, payments from the Arkansas Fidelity Bond Trust Fund (Bond Trust Fund) are disclosed in this report, if applicable.

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## MATTERS REFERRED TO PROSECUTING ATTORNEYS

The audit reports referred to the State's Prosecuting Attorneys are arranged by judicial district (see table of contents provided in **Exhibit II on page 5**). Individual matters are briefly summarized; the status or disposition provided by the applicable Prosecuting Attorney and any Bond Trust Fund payments are also included. The Legislative Auditor or LJAC referred 126 matters to the State's Prosecuting Attorneys during the period January 1, 2021 through December 31, 2021. An additional 36 matters included in this report were referred but not resolved prior to the previous special report date of November 19, 2021.

### Case Results

A summary of the disposition of matters referred to Prosecuting Attorneys is presented in **Exhibit III on pages 6 and 7**. This exhibit includes matters referred but unresolved in previous years, as well as matters referred in calendar year 2021. In addition, **Exhibit III** classifies case results in the categories defined below, as determined by ALA staff based on disposition reports provided by the Prosecuting Attorneys:

- **Conviction:** Includes guilty, not guilty, and no contest pleas, as well as jury verdicts, that resulted in court-ordered sentencing.
- **Pending:** Charges were filed, but the case has not been adjudicated.
- **Acquitted/Dismissed:** Charges were filed; however, the defendant was acquitted, or charges were dismissed without penalty.
- **Charges Not Filed:** Prosecuting Attorney chose to take no action, as indicated in the status of each matter.
- **Under review:** Matter is currently being investigated by law enforcement or the appropriate Prosecuting Attorney.

Also provided in **Exhibit III** are the dollar amounts, if applicable, disclosed in audit findings of matters referred.

## **Court-Ordered Sentences Imposed**

Criminal charges were filed in 23 matters referred to a Prosecuting Attorney. Twelve cases are pending in court; two cases were *nolle prossed*; and the remaining nine cases, in which a conviction was obtained and sentence imposed, are listed by judicial district in **Exhibit IV on page 8**. Information provided includes the following:

- Judicial district.
- Entity audited.
- Matter referred, including year of referral, type of matter (i.e., receipts over deposits, unauthorized disbursements, or improper transactions), and dollar amount.
- Position of individual against whom charges were filed.
- Plea of defendant.
- Court-ordered sentence.

The terms of a defendant's court-ordered sentence, also presented in **Exhibit IV**, include the following:

- Time, in months, of incarceration, probation, or suspended imposition of sentence.
- Hours of community service, where applicable.
- Fines, fees, court costs, restitution, and audit costs, where applicable.

Of the nine cases in which a conviction was obtained, defendants entered pleas of no contest or guilty in eight cases, and a court found one defendant guilty.

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## **MATTER REFERRED UNDER THE ARKANSAS SPEED TRAP LAW**

Under the Arkansas Speed Trap Law, an audit shall include an inquiry to determine whether the affected municipality is potentially abusing police power. One matter was referred to the Fifteenth Judicial District Prosecuting Attorney and is discussed on page 56.

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## **MATTER REFERRED TO THE ATTORNEY GENERAL**

As required by Arkansas Code, the matter pertaining to the Twenty-first Judicial District Office of the Prosecuting Attorney was referred to the Attorney General. This matter is discussed on pages 72 and 73.

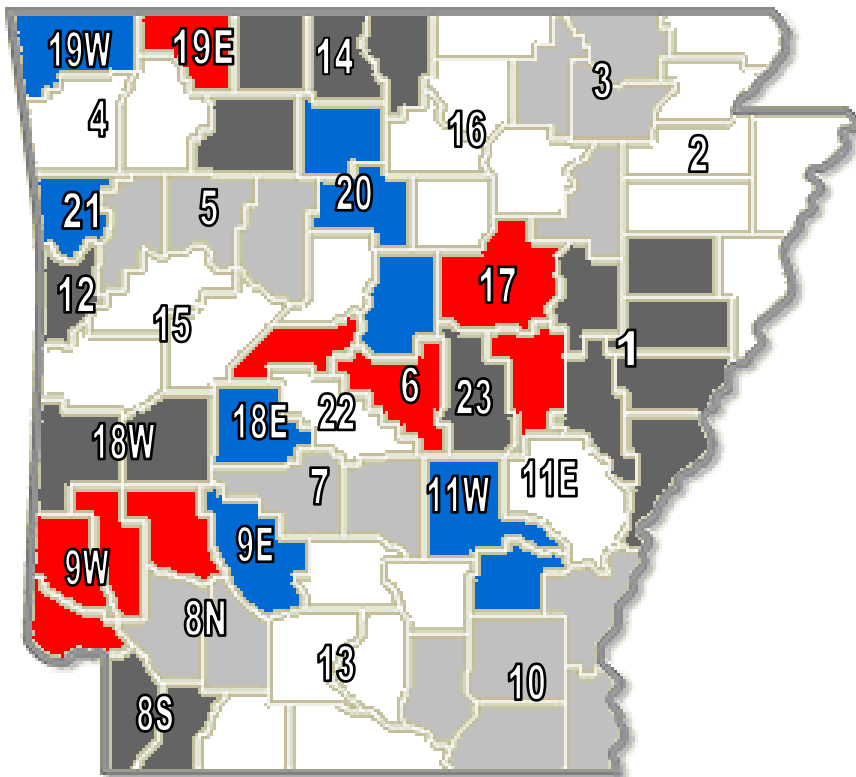
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## **MATTERS REFERRED TO A SPECIAL APPOINTED PROSECUTING ATTORNEY**

In two instances, matters initially referred by LJAC to the appropriate Prosecuting Attorney were subsequently assigned to a Special Appointed Prosecuting Attorney, appointed by the Office of the Prosecutor Coordinator, because of conflicts of interest. These matters, in the Third and Tenth Judicial Districts, respectively, are pending in court. Both matters are included in **Exhibit III**.

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**Exhibit I**  
**Arkansas Judicial Districts**  
**Counties Comprising Each District**



*Source: Arkansas Judicial Directory*

**Exhibit II**  
**Table of Contents**

Judicial District	Page	Judicial District	Page
First	9	Twelfth	47
Second	12	Thirteenth	48
Third	17	Fourteenth	54
Fourth	19	Fifteenth	56
Fifth	23	Sixteenth	58
Sixth	25	Seventeenth	63
Seventh	32	Eighteenth - East	65
Eighth - North	33	Eighteenth - West	66
Eighth - South	34	Nineteenth - East	67
Ninth - East	35	Nineteenth - West	68
Ninth - West	36	Twentieth	69
Tenth	39	Twenty-first	72
Eleventh - East	42	Twenty-second	74
Eleventh - West	43	Twenty-third	75

**Exhibit III**

Prosecuting Attorneys							
Summary of Disposition Reports of Matters Referred by Legislative Joint Auditing Committee							
For the Period January 1, 2021 through December 31, 2021							
Judicial District	Number of Matters Referred (Note 1)	Charges Filed (a+b+c)	Case Results			Charges Not Filed (Note 2)	Under Review (Note 3)
			Conviction a	Pending b	Acquitted/Dismissed c		
<b>1st</b>	<b>8</b>	<b>1</b>		<b>1</b>		<b>5</b>	<b>2</b>
				\$3,021		\$23,793	\$7,362
<b>2nd</b>	<b>13</b>	<b>2</b>	<b>1</b>		<b>1</b>	<b>7</b>	<b>4</b>
			\$1,410,800		\$19,280	47,593	62,735
<b>3rd</b>	<b>3</b>	<b>1</b>		<b>1</b>		<b>2</b>	
				1,388		20,196	
<b>4th</b>	<b>8</b>	<b>2</b>		<b>1</b>	<b>1</b>	<b>4</b>	<b>2</b>
				305,993	15,499	161,441	143,213
<b>5th</b>	<b>2</b>	<b>0</b>				<b>2</b>	
						136,509	
<b>6th</b>	<b>13</b>	<b>3</b>	<b>1</b>	<b>2</b>		<b>7</b>	<b>3</b>
			53,575	1,141,814		1,642,381	42,779
<b>7th</b>	<b>0</b>	<b>0</b>					
<b>8th N</b>	<b>3</b>	<b>0</b>				<b>3</b>	
						6,900	
<b>8th S</b>	<b>1</b>	<b>0</b>				<b>1</b>	
						0	
<b>9th E</b>	<b>1</b>	<b>0</b>					<b>1</b>
							12,185
<b>9th W</b>	<b>7</b>	<b>1</b>		<b>1</b>		<b>6</b>	
				501,193		28,543	
<b>10th</b>	<b>7</b>	<b>4</b>	<b>3</b>	<b>1</b>		<b>3</b>	
			15,088	17,183		20,285	
<b>11th E</b>	<b>3</b>	<b>0</b>				<b>2</b>	<b>1</b>
						8,850	5,020
<b>11th W</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>1</b>		<b>3</b>	<b>1</b>
			69,781	24,335		13,465	70,920
<b>12th</b>	<b>2</b>	<b>0</b>				<b>2</b>	
						13,665	
<b>13th</b>	<b>12</b>	<b>1</b>	<b>1</b>			<b>7</b>	<b>4</b>
			14,241			46,628	63,172
<b>14th</b>	<b>3</b>	<b>0</b>				<b>2</b>	<b>1</b>
						13,977	3,218
<b>15th</b>	<b>3</b>	<b>0</b>				<b>3</b>	
						160,208	
<b>16th</b>	<b>5</b>	<b>2</b>		<b>2</b>		<b>3</b>	
				75,003		13,945	

**Exhibit III (Continued)**

Prosecuting Attorneys Summary of Disposition Reports of Matters Referred by Legislative Joint Auditing Committee For the Period January 1, 2021 through December 31, 2021							
Judicial District	Number of Matters Referred (Note 1)	Charges Filed (a+b+c)	Case Results			Charges Not Filed (Note 2)	Under Review (Note 3)
			Conviction a	Pending b	Acquitted/Dismissed c		
<b>17th</b>	<b>4</b>	<b>0</b>				<b>4</b>	
						\$24,871	
<b>18th E</b>	<b>1</b>	<b>0</b>				<b>1</b>	
						6,208	
<b>18th W</b>	<b>0</b>	<b>0</b>					
<b>19th E</b>	<b>3</b>	<b>1</b>		<b>1</b>		<b>2</b>	
				\$6,157		33,719	
<b>19th W</b>	<b>2</b>	<b>0</b>				<b>2</b>	
						2,291	
<b>20th</b>	<b>7</b>	<b>0</b>				<b>6</b>	<b>1</b>
						339,187	\$1,260
<b>21st</b>	<b>1</b>	<b>0</b>				<b>1</b>	
						3,588	
<b>22nd</b>	<b>0</b>						
<b>23rd</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>1</b>		<b>3</b>	<b>1</b>
			\$55,653	\$38,146		35,023	11,714
<b>Office of the Attorney Gen.</b>	<b>1</b>	<b>0</b>					<b>1</b>
							10,589
Judicial District	Number of Matters Referred (Note 1)	Charges Filed (a+b+c)	Case Results			Charges Not Filed (Note 2)	Under Review (Note 3)
			Conviction a	Pending b	Acquitted/Dismissed c		
<b>Totals</b>	<b>126</b>	<b>23</b>	<b>9</b>	<b>12</b>	<b>2</b>	<b>81</b>	<b>22</b>
<b>Totals (Note 4)</b>			<b>\$1,619,138</b>	<b>\$2,114,233</b>	<b>\$34,779</b>	<b>\$2,803,266</b>	<b>\$434,167</b>

Note 1: Includes matters referred in previous years but unresolved as of the date of the previous disposition report.  
 Note 2: The status of each matter, contained in the body of this report, provides Prosecuting Attorneys' reasons for not filing charges.  
 Note 3: Matter is under review by a law enforcement agency or the appropriate Prosecuting Attorney.  
 Note 4: Dollar amounts reflect, in most instances, referred amount, if applicable.

**Source:** Prosecuting Attorneys' disposition reports

## Exhibit IV

**Prosecuting Attorneys**  
Disposition of Certain Matters Referred by Legislative Auditor or Legislative Joint Auditing Committee  
Court-Ordered Sentences Imposed for Matters Included in this Report  
During the Period January 1, 2021 through October 31, 2022

Judicial District	Entity Audited	Matter Referred		Position	Plea	Incarceration (Terms of sentence)	Probation In:	Suspended Imposition months	Court-Ordered Sentence			Audit Costs	
		Year	Type						Amount	County Clerk	Community Service hours		Fines, Fees, & Costs (Note 2)
2nd	Craighead County	2021	IT/UD	\$1,410,800	County Clerk	Gn	36	36	(a)	\$	190	\$1,579,057	✓
6th	Little Rock School District	2020	UD	53,575	Bookkeeper	Nnc	72	72			370	49,721	✓
10th	Jersey Rural Fire Department	2020	IT	7,547	Treasurer	Ovg	36	36			2,440	5,211	
10th	Drew Central School District	2021	ROD	1,050	Employee	Gn	36	36			540	1,050	
10th	Drew Central School District	2021	ROD	1,048	Volunteer	Gn	36	36			540	1,048	
11thW	Pine Bluff School District	2019	UD	35,696	Employee	Gn	240	240		120	535	35,686	✓
11thW	Pine Bluff School District	2019	UD	34,085	Employee	Gn	240	240		120	560	34,085	✓
13th	Upper White Oak Lake Volunteer Fire Department	2021	IT/UD	14,241	Treasurer	Gn		36			420	14,241	
23rd	Cabot School District	2021	UD	55,653	Employee	Gn	12	12	(b)		485	0	✓

**Note 1:** Additional pertinent information

- (a) Incarceration includes a 120-month sentence in a state case, which the former County Clerk is currently serving, and a 57-month federal sentence that will begin when the state sentence has been completed. In addition, restitution includes amounts unrelated to the County.
- (b) The District retained as partial restitution the funds the former Employee was owed for accrued leave upon employment termination.

**Note 2:** These amounts do not include administrative fees, established by Ark. Code Ann. §§ 16-13-704, 16-93-104, that may be assessed with monthly restitution payments.

**Note 3:** These amounts include court-ordered restitution and amounts of restitution paid as part of a negotiated plea.

✓ Indicates the Arkansas Fidelity Bond Trust Fund reimbursed losses related to this matter.

**Legend**

- Type of Matter Referred
- ROD: Receipts over deposits
- UD: Unauthorized disbursements
- IT: Improper transactions
- Ovg: Court verdict of guilty
- G: Guilty
- Gn: Negotiated plea of guilty
- Nnc: Negotiated plea of no contest

**Source:** Prosecuting Attorneys' disposition reports and state circuit, state district, and federal district court orders





# First Judicial District

Cross, Lee, Monroe, Phillips, St. Francis, and Woodruff Counties

Judicial District Population: 77,876  
Circuit Judges: 5

Todd Murray  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Phillips County

City of Helena-West Helena (*Audit Period: 1/1/20 - 12/31/20*):

2021 Mayor/City Clerk/Treasurer/Fire Chief.

During our review of payroll, we noted improper payments totaling \$6,555 to the current Fire Chief, former Fire Chief, and Assistant Fire Chief for work performed on holidays. These payments were in addition to holiday pay and were not substantiated with documentation that these individuals worked on the holidays.

**Status per Prosecuting Attorney:** *The PA inquired of the Mayor, who reported that the problem regarding fire department holiday pay and documentation has now been corrected.*

Mayor/City Clerk/Treasurer

During the period of January 1, 2020 through May 7, 2021, landfill receipts totaling \$6,237 were not remitted to the City Clerk's office and, therefore, not deposited in a City bank account. The Landfill Clerk, who resigned on May 20, 2021, was custodian of these undeposited funds.

**Status per Prosecuting Attorney:** *The PA requested an investigation, the results of which are pending.*

City of Lake View (*Audit Period: 1/1/19 - 12/31/19*):

2021 Mayor and Recorder/Treasurer

Funds totaling \$1,370, consisting of an undocumented travel advance (\$728) and payroll advance (\$642), were improperly disbursed to employees during 2019, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5.

**Status per Prosecuting Attorney:** *The PA sent a letter advising the Mayor to provide a business purpose for these funds or require that they be reimbursed.*

Matters Referred by Legislative Joint Auditing Committee

Phillips County (Continued)

City of Marvell (Audit Period: 1/1/14 - 12/31/15):

2017 Mayor and Police Chief

The City discovered, and ALA verified, unauthorized fuel purchases charged to a city credit card. These unauthorized purchases, made during the period July 3, 2016 through August 1, 2016, consisted of 1,538 gallons of fuel costing \$3,021. The Police Chief indicated that a credit card, with the personal identification number (PIN) attached, was lost in April or May 2016 but was never cancelled, so the responsible party may not be a city employee. In addition, the Mayor indicated that surveillance cameras were not in use at the business where these unauthorized purchases were made. As a result, ALA staff were unable to determine responsibility for these charges. As soon as the Mayor became aware of the problem, the credit card was cancelled, and ALA and Arkansas State Police were notified.

**Status per Prosecuting Attorney:** *Subsequent to a State Police investigation, the suspect was formally charged but is a fugitive at this time. This remains an open case.*

Marvell School District (Audit Period: 7/1/20 - 6/30/21):

2021 Our examination of payroll records revealed that the District Treasurer/Payroll Preparer paid herself \$1,125, using the rate of "time and a half," without supporting documentation.

**Status per Prosecuting Attorney:** *The PA inquired of the District and is awaiting a response.*

Phillips County (Audit Period: 1/1/19 - 12/31/19):

2021 The County expended \$7,820 without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202 and Op. Att'y Gen. no. 2008-014:

- \$6,500 paid to purchase a trailer from a Quorum Court member, who abstained from voting on the purchase.
- \$1,320 paid to an employee to prepare jail requisitions for repayment.

**Status per Prosecuting Attorney:** *The PA inquired of the County, and the County responded that a resolution was presented to the Quorum Court and passed. Explanation was given to the Quorum Court regarding the need for the trailer. The County will comply with Arkansas law concerning authorizing ordinances in the future. Additionally, the County Court contracted with the employee to do work that was required after normal business hours. The employee's normal duties prevented her from completing the work during normal work hours. No further action will be taken unless additional facts arise.*

Matters Referred by Legislative Joint Auditing Committee

Phillips County (Continued)

Phillips County (Audit Period: 1/1/19 - 12/31/19): (Continued)

The County housed and paid \$5,919 in utilities for the Humane Society of the Delta, a nonprofit organization, without a contract for services, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att’y Gen. no. 1992-099. Also, these payments were disbursed from the Road Fund, in noncompliance with Ark. Code Ann. § 27-70-207. A similar finding was issued in the prior report.

**Status per Prosecuting Attorney:** *The County stopped paying the Humane Society utility bills as soon as the County was made aware of this issue. The Humane Society refused to respond to inquiries from the County regarding signing a contract.*

The County entered into a contract for \$1,400 for maintenance services, without the County Judge’s approval, and paid the vendor \$729 in excess of the contract amount for additional work. In addition, ALA staff were unable to verify that the additional work was performed.

**Status per Prosecuting Attorney:** *When the County Clerk made the County Judge aware of the overpayment, the County reported the issue to the auditor. The County has attempted to collect the overpayment. There is insufficient evidence for the PA to take further action unless additional facts arise.*

Woodruff County

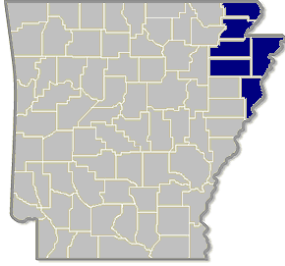
Woodruff County (Audit Period: 1/1/19 - 12/31/19):

2020 In October 2019, property valued at \$12,290 was stolen from the County Road Department in Augusta. Items taken included a 2006 Chevrolet truck, chain saws, pole saws, leaf blowers, and drills. Incident and police reports were filed.

**Status per Prosecuting Attorney:** *The perpetrators were arrested, and felony charges were filed. Both defendants had charges pending in multiple counties. Vickey Green’s probation/parole was revoked, and she was sentenced to 6 years Arkansas Department of Correction in Lee 39CR-15-57, Cross 19CR-19-235, and Phillips County 54CR-19-79. The other defendant, Jeremy Box, was released on bond in Woodruff County and is currently a fugitive.*

**Note:** Multiple criminal offenses, some of which were unrelated to this audit finding, were part of these court proceedings; therefore, this matter is not included in Exhibits III or IV.

**Note:** No matters were referred for Cross, Lee, Monroe, and St. Francis Counties.



# Second Judicial District

Clay, Craighead, Crittenden, Greene, Mississippi, and Poinsett Counties

Judicial District Population: 282,731  
Circuit Judges: 12

Keith Chrestman  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Craighead County

Arkansas State University System (*Audit Period: 7/1/20 - 6/30/21*):

2021 Arkansas State University – Jonesboro

A review of issues reported to the Arkansas State University – Jonesboro Human Resource Department revealed the following salary overpayments: \$698 overpaid to a classified employee due to inaccurate recording of time worked. The University deducted the excess hours paid from the employee's annual leave and terminated employment on August 31, 2021.

Arkansas State University – Mid-South

Due to an issue reported to the Arkansas State University System Internal Audit (IA), the IA Department examined a part-time employee's payroll records for the period January 1, 2017 through October 10, 2020. This examination revealed that the employee was overpaid wages and payroll taxes totaling \$4,800 due to over reporting of time worked. The employee resigned on March 8, 2021. (As of November 16, 2021, the University had not received reimbursement).

***Status per Prosecuting Attorney:*** *The University System has adopted clawback measures to get back these monies. The PA also advised the System that this type of activity must cease, and failure to do so may result in prosecution. These matters are considered closed.*

Buffalo Island Central School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 The District paid \$11,189 for supplies to a company in which two employees had financial interests without obtaining approval from the Board or the Arkansas Division of Elementary and Secondary Education, as required by Ark. Code Ann. § 6-24-107. In addition, the District paid \$675 to an employee for the purchase of a piano without Board approval.

***Status per Prosecuting Attorney:*** *The PA declined to prosecute for a criminal offense and sent a letter of caution to the Superintendent. This matter is closed.*

Matters Referred by Legislative Joint Auditing Committee

Craighead County (Continued)

Craighead County (Audit Period: 1/1/19 - 12/31/19):

2021 After being contacted by a financial institution regarding questionable account transfers, the County Judge, in conjunction with ALA, determined 12 unauthorized transfers from the Payroll Clearing account, totaling \$1,579,057, were made to a personal account during the period January 23, 2020 through June 24, 2020. Also during this period, funds totaling \$168,257 were transferred from the personal account back to the Payroll Clearing account, leaving a shortage of \$1,410,800.

**Status per Prosecuting Attorney:** Former County Clerk Kade Holliday pled guilty to one count of wire fraud; was sentenced to 57 months in federal prison and three years of supervised release after he completes his prison term; and was ordered to pay \$1,579,057 in restitution and \$190 in costs. Holliday is currently serving a 120-month sentence in a state case for forgery, and his federal sentence will not begin until the state sentence is completed.

Bond Trust Fund reimbursed losses totaling \$300,000.

Westside Consolidated School District (Audit Period: 7/1/19 - 6/30/20):

2021 The District paid \$13,609 for repairs and other services to a company in which a Board member had a financial interest. Although the Board had passed a resolution allowing the District to conduct up to \$9,900 in business with this company, the Board did not amend the amount or obtain the necessary approval from the Arkansas Department of Education, as required by Ark. Code Ann. § 6-24-105.

**Status per Prosecuting Attorney:** The PA declined to prosecute for a criminal offense and sent a letter of caution to the Superintendent. This matter is closed.

The District identified two fraudulent checks totaling \$6,751 that cleared the District's bank account on November 22, 2019. The bank returned the funds to the District on November 26, 2019.

**Status per Prosecuting Attorney:** The PA did not pursue criminal charges since no one accused a District board member, administrator, or employee of wrongdoing. This matter is closed.

Crittenden County

Crittenden County (Audit Period: 1/1/16 - 12/31/16):

2018 Sheriff

Inmate Commissary receipts totaling \$19,280 were not deposited during the period January 1, 2016 through April 4, 2017. The Commissary Officer, whose employment was terminated on April 3, 2017, was custodian of these funds. This matter is currently under investigation by Arkansas State Police.

**Status per Prosecuting Attorney:** Former Deputy Sheriff Randis Dennies was arrested and charged with theft of property. Subsequently, the case was nolle prossed.

Bond Trust Fund reimbursed losses totaling \$16,780.

Matters Referred by Legislative Joint Auditing Committee

Crittenden County (Continued)

Town of Sunset (Audit Period: 1/1/15 - 12/31/16):

2018 Mayor

The Town paid \$11,080 and \$19,942 on the Mayor's personal credit card accounts in 2016 and 2015, respectively, in noncompliance with Ark. Const. art. 12, § 5. The Mayor identified personal credit card transactions totaling \$6,070 and \$9,439 in 2016 and 2015, respectively, as Town expenditures. Based on review of \$4,456 (2016) and \$4,440 (2015) of those transactions, ALA staff determined that \$2,735 (61%) and \$3,141 (71%), respectively, lacked documentation to substantiate them as Town expenditures. Additionally, the Mayor withdrew \$1,200 from the Town's bank account in 2015 using a counter check.

To justify these credit card payments and the cash withdrawal, the Mayor submitted the items shown below for which he claimed to have paid from personal funds:

- Timesheets for \$7,610 in contract labor performed by various individuals. ALA staff verified payments to these individuals were not made from the Town's bank accounts, and two individuals confirmed they received cash payments from the Mayor. However, the Town issued IRS 1099 Forms to these individuals.
- Timesheets for \$6,930 in work the Mayor performed for the Town; however, the Town did not have an ordinance allowing the Mayor to provide additional services, in conflict with Ark. Code Ann. § 14-42-107. ALA staff verified payments to the Mayor for the timesheets submitted were not made from the Town's bank accounts.
- Invoices for Town business totaling \$1,973 and purchase of a mower for \$5,000. ALA staff verified payments to vendors were not made from the Town's bank accounts.
- One \$400 invoice for Town parking lot repairs. ALA staff verified this payment was not made from the Town's bank accounts.

**Status per Prosecuting Attorney:** *This matter is under investigation by the Crittenden County Sheriff's Office.*

Mississippi County

City of Luxora (Audit Period: 1/1/19 - 12/31/19):

2021 The City paid credit card charges totaling \$6,591 for meals, lodging, etc., without supporting documentation or indication of a business purpose, in noncompliance with Ark. Code Ann. § 14-59-105. A similar finding was noted in the previous report.

**Status per Prosecuting Attorney:** *The PA declines to prosecute for any criminal offense and advised the City that this type of activity must stop. This matter is considered closed.*

Matters Referred by Legislative Joint Auditing Committee

Mississippi County (Continued)

Town of Dell (Audit Period: 1/1/19 - 12/31/19):

- 2021 On April 11, 2019, the Town Council approved salary payments to a Water Department employee whose sick leave and annual leave were exhausted. The employee was paid \$6,989 for the period March 25 through May 17, 2019, for time off work, although the employee had no leave hours available.

**Status per Prosecuting Attorney:** *The PA sent a letter of caution to the Mayor to cease this practice. No charges will be filed.*

Poinsett County

City of Fisher (Audit Period: 1/1/14 - 12/31/15):

2017 Mayor, Recorder/Treasurer, and Bookkeeper

\$3,991, \$830, and \$181 paid to a fuel vendor without a documented business purpose in 2014, in 2015, and from January through July 2016, respectively, in noncompliance with Ark. Code Ann. §§ 14-58-303 and 14-59-105. Sundry items totaling \$177 were included in these payments. According to the Mayor, fuel purchases were for both city and personal vehicles; however, the amount of fuel purchased for city vehicles could not be determined due to inadequate city records. A similar finding was noted in the prior report.

Mayor and Recorder/Treasurer

\$13,858, \$4,591, and \$2,330 paid to the Mayor in 2014, in 2015, and from January through July 2016, respectively, and \$502 paid to the Recorder/Treasurer in 2014 without adequate documentation, as required by Ark. Code Ann. § 14-59-105. A similar finding was noted in the prior report.

Mayor and Bookkeeper

\$800 and \$1,500 paid for repair services in 2015 and 2016, respectively, to a company owned by a Council Member, who had volunteered to serve as Bookkeeper through June 2, 2016, without an authorizing ordinance, as required by Ark. Code Ann. § 14-42-107. Furthermore, documentation to support these payments was not on file at the City until ALA requested it from this Council Member/Bookkeeper, who provided three invoices, on September 22, 2016.

These invoices appeared invalid because of the following irregularities:

- \$400 paid in 2015 was for a \$388 invoice, including sales tax at a rate of 8%.
- \$400 paid in 2015 was for a \$422 invoice, including sales tax at a rate of 8.25%.
- \$1,500 paid in 2016 was dated April 26, 2015; was marked "paid" on that date; and did not include an amount for sales tax.

Additionally, these three invoices reflected the payment amount and a zero balance due, and in one instance, the payment method indicated "visa" rather than "check."

Matters Referred by Legislative Joint Auditing Committee

Poinsett County (Continued)

City of Fisher (*Audit Period: 1/1/14 - 12/31/15*): (Continued)

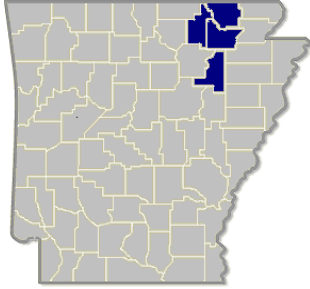
In addition, the Council Member/Bookkeeper reimbursed her company \$1,020 and \$2,700 in 2015 and 2016, respectively, for office supplies, a computer, and software. Of this \$3,720, only \$788 was supported by documentation, leaving \$2,932 due the City. On April 18, 2016, the Council Member/Bookkeeper also issued a \$4,000 city check payable to a vendor to which the City did not owe payment; the vendor applied this amount to the Council Member/Bookkeeper's company account. During an interview on September 22, 2016, the Council Member/Bookkeeper assumed responsibility for the \$2,932 in undocumented reimbursements to her company and reimbursed the City \$4,000 for the improper vendor payment.

As of report date, the Council Member/Bookkeeper's company received improperly documented payments totaling \$5,232.

**Status per Prosecuting Attorney:** *The former Mayor is deceased. The former Council member who served as Bookkeeper moved out of state when the PA requested an Arkansas State Police investigation. A special agent for the State Police obtained an arrest warrant for the former Council member who served as Bookkeeper. She has not returned to the State, and an arrest has not been made. This matter will be prosecuted in due course once an arrest has been made.*

**Note:** No matters were referred for Clay and Greene Counties.





# Third Judicial District

*Jackson, Lawrence, Randolph, and Sharp Counties*

Judicial District Population: 69,590  
Circuit Judges: 3

Ryan Cooper  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Jackson County

City of Newport (*Audit Period: 1/1/18 - 12/31/18*):

- 2020 Review of retirement payments to a former Mayor indicated the City did not adhere to Ark. Code Ann. § 24-12-123 when calculating the benefit amount. The former Mayor left office in 1994 with 22 years of service. On March 14, 1996, upon reaching age 60, he became eligible for retirement, and the City began paying monthly benefits of \$1,344. However, according to City Council minutes, the monthly benefit amount should have been \$1,275 based on the Mayor's annual salary of \$30,600 in 1996 and Ark. Code Ann. § 24-12-123, as interpreted in Op. Att'y Gen. no. 2009-003. This difference resulted in overpayments totaling \$19,356 during the period March 14, 1996 through August 31, 2019. It should be noted that when the former Mayor was initially elected, the position was unpaid. ALA staff were unable to determine when the former Mayor began receiving a salary and what amount was used to calculate the benefit amount paid because his personnel file had been destroyed, in noncompliance with Ark. Code Ann. § 14-59-114, which designates employee retirement documents as permanent records. ALA staff recommend the Mayor and City Council obtain legal counsel regarding how to resolve the overpayments.

**Status per Prosecuting Attorney:** *ALA's recommendations have been followed, and the City Attorney has been advised. The PA's Office considers this matter closed.*

### Randolph County

Pocahontas School District (*Audit Period: 7/1/18 - 6/30/19*):

- 2020 The District discovered, and ALA verified, that athletic admission funds totaling \$840 were missing from a basketball game gate box. The funds were collected and counted on December 20, 2019, and stored in an office in the gymnasium. The theft was discovered on January 7, 2020, when the funds were turned in to the Junior High School office and recounted. The District Resource Officer was notified, and the matter is being investigated.

**Status per Prosecuting Attorney:** *Based on a review of the investigation, as well as recommendations from law enforcement, no charges will be filed. The PA's Office considers this matter closed.*

Matters Referred by Legislative Joint Auditing Committee

Sharp County

Sharp County (Audit Period: 1/1/18 - 12/31/18):

2020 During an interview with County Sheriff's Office personnel on May 2, 2019, John Huffmaster, a Reserve Sheriff Deputy and former Road Department employee, acknowledged using the Road Foreman's personal identification number (PIN) to obtain fuel from the Road Department fuel pumps for personal use. Huffmaster used the Road Foreman's PIN 30 times without authorization during the period January through April 2019 to obtain 493 gallons of fuel valued at \$1,035. Huffmaster was charged with theft of property (a class D felony) on August 14, 2019.

Review of Road Department fuel records revealed additional questionable transactions:

- The Road Foreman's PIN was used to obtain 341 gallons of fuel valued at \$717 outside of normal business hours. Because several employees knew the Road Foreman's PIN, ALA staff were unable to determine who actually obtained this fuel.
- Sheriff's Office employees and reserve officers obtain fuel for their vehicles from the Road Department. To document the transactions, the employees and reserve officers record pertinent information (i.e., officer's name, number of gallons, odometer reading, etc.) on fuel slips. ALA reviewed these records for five selected months and determined that 319 gallons of fuel valued at \$671 did not have supporting documentation recorded on the fuel slips. Due to the same PIN being used by all reserve officers and the lack of documentation, ALA staff were unable to determine who actually obtained this fuel.

**Status per Prosecuting Attorney:** This matter was assigned to a Special Prosecutor and is currently set for trial in January 2023.

**Note:** No matters were referred for Lawrence County.



# Fourth Judicial District

Madison and Washington Counties

Judicial District Population: 267,017  
Circuit Judges: 8

Matt Durrett  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Madison County

Madison County (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 We noted the following discrepancies regarding grant funds totaling \$9,900 that the County EMS Department received from the Arkansas Department of Health:
- Funds were not remitted to the County Treasurer, as required by Ark. Code Ann. § 14-14-1313.
  - Expenditures were not budgeted by the Quorum Court, approved by the County Judge, and paid by the County Treasurer, as required by Ark. Code Ann. §§ 14-20-103, 14-14-1102, and 14-24-204.
  - The County EMS Department paid an employee \$9,900 to perform CPR training duties without a contract or authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202, and failed to report this compensation to the Internal Revenue Service (IRS).

**Status per Prosecuting Attorney:** *The PA spoke with the County Judge. These issues were procedural oversights, rather than criminal in nature. The issues were corrected and measures were put in place so that they will not happen again.*

### Washington County

City of Tontitown (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 Review of selected expenditures, for the period January 1, 2019 through December 31, 2020, revealed the following disbursements totaling \$8,727, in apparent conflict with the “public purpose” doctrine and Ark. Const. art. 12, § 5, as interpreted by the Attorney General in Op. Att’y Gen. No. 91-410:
- \$7,436 for the rental of an Olympic Tent and chairs for a memorial service for a former Mayor.
  - \$1,291 for food purchases for employee luncheons without a documented business purpose.

**Status per Prosecuting Attorney:** *The PA spoke with the Mayor about these matters. No criminal intent was involved, and assurances were made that an oversight such as this would not occur again. This matter is closed.*

Matters Referred by Legislative Joint Auditing Committee

Washington County (Continued)

Department of Finance and Administration (Audit Period: 7/1/19 - 6/30/20):

2021 On five separate occasions, a Springdale Revenue Office employee circumvented controls surrounding deposits of daily collections. The employee entered the daily collections, which were composed of both cash and checks, in the AIRS-DSMV system but did not deposit the funds in their entirety, causing the bank account to be in overdraft status on these five days. The total amounts retained by the employee ranged from \$4,022 to \$11,134. Based on review of monthly bank statements, all funds the employee withheld were deposited the day after collection, resulting in no loss to the State. When interviewed by DFA, the employee acknowledged retaining portions of collections for the days in question and resigned from employment.

**Status per Prosecuting Attorney:** This matter remains under review by the PA's Office.

University of Arkansas, Fayetteville (Audit Period: 7/1/20 - 6/30/21):

2021 1. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of disbursement transactions made by an Administrative Support Supervisor (Supervisor) of the World Languages, Literatures, and Cultures Department (WLLC) primarily during the period September 1, 2018 through March 31, 2021. University management identified 205 transactions, asserting misappropriation of funds totaling \$305,993. IAD identified and confirmed this assertion, as detailed below:

- 99 transactions, totaling \$192,147, for nonbusiness-related items charged to procurement cards (P-Card) assigned to the Supervisor.
- 62 transactions, totaling \$20,042, for nonbusiness-related travel expenses charged to travel cards (T-Card) assigned to the Supervisor.
- 44 transactions totaling \$93,804 for nonbusiness-related items charged to procurement cards (P-Card) assigned to the Director of the Center of World Languages, a department within WLLC. Based on interviews with management and review of documentation, it appears the Supervisor used the Director's P-Cards for these transactions.

Furthermore, through additional testing, IAD identified, and University management confirmed, another 43 improper transactions, totaling \$29,723, for nonbusiness related items charged to WLLC's P-Cards.

In summary, IAD identified 248 transactions, totaling \$335,716, for nonbusiness-related items and travel costs charged to WLLC P-Cards and T-Cards assigned to or used by the Supervisor, Esther Lake, who resigned from employment on February 22, 2021. On September 28, 2021, Lake was charged with theft of property and five counts of fraudulent use of a credit card.

Matters Referred by Legislative Joint Auditing Committee

Washington County (Continued)

University of Arkansas, Fayetteville (Audit Period: 7/1/20 - 6/30/21): (Continued)

**Status per Prosecuting Attorney:** A court date is scheduled for November 9, 2022.

2. The University of Arkansas System Internal Audit Department (IAD) conducted an audit of selected technology purchases and transactions as a result of an alleged misappropriation of University-owned property or funds, for the period July 2016 through August 2019. The audit focused on transactions initiated by an individual who primarily served as an Information Technology Director (Employee) for various departments during the review period. An initial inventory of assets, conducted in October 2019, revealed numerous items that were not organized in a way that allowed them to be accessible or used, including computers and monitors, packages of open and unopened technology-related consumables (e.g., memory and video cards, external storage drives, power cords, cameras, etc.), and untagged technology assets.

Subsequent review on November 25, 2019, revealed the following assets, totaling \$137,221, that were unaccounted for:

- 21 tagged assets, totaling \$62,979, in the University's asset inventory management system (AIMS).
- 29 untagged assets, totaling \$50,689, purchased via RazorBuy, an e-Commerce procurement process.
- 21 untagged assets, totaling \$23,553, purchased via P-Card.

In addition, based on interviews conducted by IAD, as well as a review of emails between the Employee and selected vendors stored on University servers, it appears the Employee was provided various unreported gifts, equipment, and other benefits that could have influenced the procurement of technology assets, in conflict with the University's Code of Ethical Conduct and Section 301 of the Gift Rules issued by the Arkansas Ethics Commission.

Additionally, based on review of email correspondence, the Employee appears to have solicited a vendor to furnish a false equipment quote in order to leverage a competitive vendor and provided confidential budget information and competitor quotes to another vendor

The University of Arkansas System Internal Audit Department (IAD) conducted an audit to detect unauthorized changes to the University's vendor master file for the period February 1, 2020 through June 30, 2020. IAD found that one vendor's banking information was altered through a domain not belonging to the vendor, resulting in two unauthorized ACH payments, totaling \$5,593, to an apparent fraudulent recipient in March 2020. University management contacted the bank; however, due to the untimely detection of the fraudulent payment, the University has been unable to recoup the unauthorized funds.

**Status per Prosecuting Attorney:** Arkansas State Police and University auditors investigated these matters, and there was insufficient evidence to prove fraudulent intent. These matters are closed.

Matters Referred by Legislative Joint Auditing Committee

Washington County (Continued)

University of Arkansas, Fayetteville (*Audit Period: 7/1/18 - 6/30/19*):

- 2019 The University of Arkansas System Internal Audit Department (IAD) conducted an audit to detect unauthorized changes to the University's vendor master file and resulting losses primarily for the period September 1, 2018 through November 30, 2018. After a suspected automated clearing house (ACH) payment fraud, management filed a report with the University Police Department. IAD found that one vendor's banking information was altered through a domain not belonging to the vendor, resulting in 15 unauthorized ACH payments totaling \$132,079 to an apparent fraudulent recipient. Of this amount, \$13,108 was recovered by the bank, leaving a loss of \$118,971 to the University.

**Status per Prosecuting Attorney:** *This matter remains under review.*

University of Arkansas, Fayetteville (*Audit Period: 7/1/17 - 6/30/18*):

- 2018 The University of Arkansas System Internal Audit Department (IAD) conducted an audit of purchase transactions made by the Administrative Analyst (Analyst) of the UAteach program during the period January 1, 2014 through March 31, 2018. IAD determined that 75 unauthorized purchases totaling \$14,995 were charged to procurement cards (P-Card) assigned to the Analyst. In addition, IAD noted three personal purchases totaling \$504 that were charged to the Analyst's P-Card and for which the University had billed the Analyst. Of the \$15,499 in total unauthorized purchases made by the Analyst, \$118 has been reimbursed and \$4,712 was recovered from her final payroll check, leaving \$10,669 as the remaining loss to the University. The Analyst resigned from employment on March 6, 2018.

**Status per Prosecuting Attorney:** *Sharon Vaughan was charged with felony forgery, theft of property, and fraudulent use of a credit or debit card. Vaughan reimbursed the University \$10,669, and \$4,711 was withheld from her pay when she left University employment. The case was nolle prossed on February 15, 2022.*



# Fifth Judicial District

Franklin, Johnson, and Pope Counties

Judicial District Population: 106,807  
Circuit Judges: 4

Jeff Phillips  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Franklin County

City of Wiederkehr Village (*Audit Period: 1/1/17 - 12/31/18*):

2020 A review of disbursements from January 1, 2015 to December 31, 2018, revealed undocumented disbursements totaling \$8,445 as follows:

- \$3,367 paid to the Mayor for travel (\$2,291), Health Department violation fine (\$500), personal credit card charges (\$402), and printer ink reimbursement (\$174).
- \$3,260 paid to a business owned by the Mayor. An invoice provided by the vendor indicated a survey was performed for property owned by the Mayor rather than for the City, as the invoice on file denoted. Furthermore, according to the Recorder/Treasurer, the co-signature on the check was not hers.
- \$716 paid to other businesses owned by the Mayor.
- \$1,102 paid for a tablet and accessories assigned to the Mayor. These items were not returned to the City when the Mayor's term ended on December 31, 2018.

***Status per Prosecuting Attorney:*** The PA investigated these matters and did not have sufficient proof to more forward with formal charges.

### Pope County

Arkansas Tech University (*Audit Period: 7/1/20 - 6/30/21*):

2021 On February 25, 2021, after an employee contacted the University about not receiving his payroll direct deposit, University personnel discovered that multiple employees' direct deposits had been fraudulently diverted to another bank account. On February 12, 2021, and February 15, 2021, an unauthorized individual made changes to several employees' bank account information. These transactions resulted in a \$128,064 loss to the University, of which \$19,314 was recovered on the date discovered. Per University officials, an insurance claim has been filed to seek reimbursement for the fraudulent transactions.

**Matters Referred by Legislative Joint Auditing Committee**

**Pope County (Continued)**

Arkansas Tech University (Audit Period: 7/1/20 - 6/30/21): (Continued)

**Status per Prosecuting Attorney:** *The person or persons responsible for these actions have not been identified, and an IP address has been traced to Denver, Colorado. In the event that information is developed that someone in the PA's jurisdiction has allegedly committed this crime, the PA will take further steps. Otherwise, the PA is taking no action.*

**Note:** No matters were referred for Johnson County.





# Sixth Judicial District

*Perry and Pulaski Counties*

Judicial District Population: 407,785  
Circuit Judges: 17

Larry Jegley  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Perry County

Perry County (*Audit Period: 1/1/20 - 12/31/20*):

2021 Sheriff

Our review of jail intake records and procedures regarding commissary funds, from January 1, 2020 through June 30, 2021, revealed the following deficiencies.

- \$4,280 in unaccounted for funds.
- \$241 in unreceipted funds.
- Missing or incomplete inmate records.

We were unable to determine custodian of commissary funds as multiple employees have access to these funds.

**Status per Prosecuting Attorney:** *No prosecution. No potential defendant has been identified.*

### Pulaski County

Arkansas Department of Career Education (*Audit Period: 7/1/18 - 6/30/19*):

2020 The Internal Auditor of the Office of Skills Development performed a financial review of an Electrical Apprenticeship Program. The review, completed on July 6, 2020, included review of Construction Training funds awarded and reimbursed to the Apprenticeship Program during the period July 1, 2018 through June 30, 2019, as well as analysis of payments sent to the sponsoring Local Educational Agency (LEA) and subsequent payments from the LEA to the Apprenticeship Program. This review revealed unallowable costs totaling \$1,221 for the 2018-2019 program year. An expanded review revealed additional unallowable costs of \$4,495 and \$1,890 in the 2017-2018 and 2019-2020 program years, respectively.

The Office of Skills Development has instructed the Apprenticeship Program to submit a corrective action plan within 30 days, along with payment of \$7,606 to recoup the unallowable costs.

**Status per Prosecuting Attorney:** *All funds have been recouped; therefore, this case is closed.*

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

Arkansas Department of Transportation (Audit Period: 7/1/18 - 6/30/19):

- 2020 The Agency reported that an employee falsified travel reimbursements totaling \$8,825 for the period November 19, 2018 through January 23, 2020. This individual resigned from employment on February 4, 2020, and the Agency withheld his final lump sum annual leave payment of \$3,337, leaving \$5,488 due the Agency. On July 13, 2020, the Agency received a reimbursement of \$2,500 from and entered into an agreement with this individual for repayment of the remaining outstanding amount of \$2,988 due the Agency. Furthermore, the Agency agreed not to pursue a criminal or civil case against this individual if the balance due is repaid by July 1, 2021.

**Status per Prosecuting Attorney:** All funds have been recouped; therefore, this case is closed.

City of Alexander (Audit Period: 1/1/20 - 12/31/20):

- 2021 The City expended funds for improvements on land the City does not own, in conflict with Ark. Const. art. 12, § 5. According to an appraisal, the improvements, which include a gazebo, fountain, walking trails, and bathroom, were valued at \$110,247.

**Status per Prosecuting Attorney:** No criminal statute applicable. Civil action such as illegal exaction may be appropriate.

Department of Commerce (Audit Period: 7/1/19 - 6/30/20):

- 2021 Section R1-19-4-2004 of the DFA – Office of Accounting Financial Management Guide states that “the bonded disbursing officer and the public employee with supervisory fiduciary responsibility over all fiscal matters for each state agency, board, commission or institution is responsible for...reporting any losses of state funds to the Chief Fiscal Officer of the State and to the Arkansas Legislative Audit. Losses include...the apparent theft or misappropriation of state funds or property theft.” Arkansas Rehabilitation Services – Division of Workforce Services (ARS-DWS) notified ALA of six warrants, totaling \$23,500, that were paid to a vendor in June and July 2020 for services that were not provided. A review performed by ARS-DWS management revealed a relationship between the vendor and an Agency employee who potentially falsified documentation on behalf of the vendor. Subsequent to being contacted by the Agency on July 31, 2020, the vendor returned one warrant totaling \$2,000 that had not been cashed. The Agency is actively seeking repayment of the remaining \$21,500.

The employee was terminated, the vendor was deactivated from ARS-DWS's case-management system, and the Agency has initiated a criminal investigation with the Department of Public Safety – Division of Arkansas State Police.

**Status per Prosecuting Attorney:** Awaiting file from Arkansas State Police.

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

Department of Finance and Administration (*Audit Period: 7/1/19 - 6/30/20*):

2021 In March 2020, the Department of Finance and Administration (DFA) received an anonymous phone call regarding suspicious vehicle registration transactions occurring at revenue offices in central Arkansas. DFA's internal Office of Tax Credits subsequently identified three employees (Employees A, B, and C) who circumvented controls when processing registrations on both new and used vehicles, preventing the State from collecting sales tax due. These employees processed a total of 425 improper transactions, primarily in fiscal year 2020, in which they allowed owners to register vehicles by paying either an amount below the sales tax due or nothing at all, as detailed below:

- Employee A, who performed management duties at multiple central Arkansas revenue offices, processed 180 improper transactions (25 prior to 2015 and 155 in 2020) on behalf of vehicle owners, including 2 transactions for his personal vehicles.
- Employee B, who worked in the Sherwood revenue office, processed 129 improper transactions on behalf of vehicle owners.
- Employee C, who worked in the west Little Rock revenue office, processed 116 improper transactions on behalf of vehicle owners.

While DFA determined, and we verified, the amount assessed to the registered owners for the improper registrations totaled \$893,284, which includes sales tax due, penalties, and interest, the full amount of personal benefit to Employees A, B, and C, if applicable, could not be ascertained. As of June 23, 2021, DFA had collected \$364,316, and all accounts with an outstanding balance continue to accrue interest and are suspended in the vehicle registration system. Additionally, Employees A and B resigned from employment, and the employment of Employee C was terminated by DFA. On June 23, 2020, Cameron Barnett (Employee A) pled not guilty to two counts of felony forgery and two counts of felony attempt to evade or defeat tax. Charges have not been filed against Employees B and C.

**Status per Prosecuting Attorney:** *Jury trial pending. DFA has put remedial measures into effect.*

Department of Human Services (*Audit Period: 7/1/19 - 6/30/20*):

2021 1. Regulation R4-19-4-501 of the State Financial Management Guide states that strict control should be maintained during the processing of cash receipts to ensure they are properly accounted for, and thorough management review and supervision should exist to help safeguard assets. Additionally, DHS Policy 1006 (I) states that DHS employees must avoid any potential conflict of interest or appearance of impropriety.

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

Department of Human Services (*Audit Period: 7/1/19 - 6/30/20*): (Continued)

On April 5, 2010, the Arkansas State Hospital (ASH) Celebration Committee (Committee) was created by former ASH employees as a separate nonprofit entity in response to employee satisfaction surveys regarding employee morale. The Committee's by-laws state the purpose of the Committee is to recognize ASH employees for their service and to raise funds for awards and special events. Officers of the Committee currently consist of both former and current employees as well as non-salaried individuals performing services for the Agency. The Committee has a bank account that is not considered a bank account of the Agency; therefore, the banking activity and ending bank balance are not reported in AASIS.

During our testing of the ASH check receipt log, we noted one instance in which a monthly vending machine commission check for \$600, payable to the Arkansas State Hospital, was deposited into the Committee bank account instead of the Agency's state treasury fund. ASH personnel stated that it has been common practice for many years for 2 of the 12 monthly commission checks to be deposited into the Committee's bank account, with the remaining 10 monthly commission checks deposited into the Agency's state treasury fund.

The ASH check receipt log also listed the receipt of a state-issued warrant for \$710 payable to the Committee for a rental fee charged for one of ASH's state-owned parking lots. Further review revealed the warrant was deposited into the Committee bank account, along with \$4,420 in cash generated by a fundraiser in which fees were charged for parking cars on ASH's other state-owned lots during War Memorial football games. ALA questions the practice of ASH employees, alongside the Committee, using state-owned resources to generate private fundraiser monies.

**Status per Prosecuting Attorney:** *Ethical/civil matter.*

2. R1-19-4-2004 of the State Financial Management Guide states that monies lost through improper redemption of checks shall be reported to Arkansas Legislative Audit (ALA), the Attorney General's office, and local law enforcement. Ark. Code Ann. § 25-1-124(b)(1)&(2) states that a public employee with supervisory fiduciary responsibility over all fiscal matters of a public employer shall report to ALA the apparent theft or misappropriation of public funds within five business days upon the learning of the theft.

The Agency properly notified ALA and authorities of the following occurrences related to fraudulent activity:

A Supplemental Nutrition Assistance Program (SNAP) recipient sent in eight personal checks totaling \$10,946 as reimbursement to the Agency for an overpayment of excess SNAP monies received. The eight checks were deposited in the Agency's central office US Bank General Account on June 9, 2020. The Agency later determined the recipient had reimbursed \$4,433 too much and issued the recipient a refund check on June 10, 2020, from the US Bank General Account. Subsequently, on June 11, 2020, all of the eight personal checks totaling \$10,946 were returned by the bank due to insufficient funds.

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

Department of Human Services (*Audit Period: 7/1/19 - 6/30/20*): (Continued)

The refund check for \$4,433 was cashed, clearing the bank on July 10, 2020. The Agency filed a police report, and as of report date, the funds had not been recovered.

**Status per Prosecuting Attorney:** *Awaiting police investigative file.*

Little Rock School District (*Audit Period: 7/1/18 - 6/30/19*):

2020 In March 2019, the District discovered \$53,575 in unauthorized payments to a Bookkeeper during the period November 30, 2016 through March 15, 2019. The Bookkeeper, who resigned from employment, submitted and received payment for time he did not work in an after-school program, as well as additional overtime. As of report date, the District had not recovered any of the funds. An investigation by law enforcement is ongoing.

**Status per Prosecuting Attorney:** *Justin Lindsey entered a negotiated plea of no contest, was sentenced to 72 months probation, and was ordered to pay \$49,721 in restitution and \$370 in fines and fees.*

**Bond Trust Fund reimbursed losses totaling \$51,075.**

Pulaski County (*Audit Period: 1/1/19 - 12/31/19*):

2021 County Sheriff

Review of Sheriff's Office expenditures, for the period January 1, 2019 through September 15, 2020, revealed the following improper disbursements totaling \$2,504:

- \$1,271 in possible personal purchases with no documented business purpose.
- \$418 in payments to various vendors without adequate documentation; therefore, the validity of these disbursements could not be determined.
- \$375 for employee graduation party supplies (\$370) and an alcoholic beverage (\$5) in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1991-410.
- \$191 in refunds of unaccounted-for inmate trust funds.
- \$191 for products that were shipped to employees' residences.
- \$58 in early departure hotel charges.

The Sheriff's Office did not timely pay some invoices, totaling \$1,434,614 and dated August 2019 through July 2020, to seven vendors. Of this amount, the County paid a total of \$1,200,000 to one vendor for officer body cameras in June 2020; these invoices were between six and nine months delinquent. In addition, \$165,871 was paid to the remaining six vendors in August and September 2020, leaving \$68,743 owed to the vendors as of September 15, 2020.

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

Pulaski County (Audit Period: 1/1/19 - 12/31/19): (Continued)

Because the Sheriff's Office was in arrears to seven vendors, officials and management should assess the financial prudence/necessity of expenditures.

Review of Sheriff's Office expenditures, for the period January 1, 2019 through September 15, 2020, revealed the following questionable disbursements totaling \$45,854:

- \$29,491 for furniture and office decorations.
- \$12,237 for 49 televisions.
- \$4,126 for wheels/rims installed on the County vehicle driven by the Sheriff.

**Status per Prosecuting Attorney:** No criminal statute applicable.

Pulaski County (Audit Period: 1/1/18 - 12/31/18):

2020 Two cashier's checks totaling \$7,900, made payable to an inmate, were deposited to the Sheriff's Inmate Trust account. One check for \$3,950 was signed over to a bail bondsman before the Sheriff's Office learned it was fraudulent; these funds have not been recovered. The second check for \$3,950 was deposited, but funds were not released.

**Status per Prosecuting Attorney:** Awaiting investigative file.

Pulaski County (Audit Period: 1/1/15 - 12/31/15):

2017 County Judge

Wanda Wyatt, a Road Department employee, was charged with 73 counts of theft of property and 80 counts of computer fraud by the Pulaski County Sheriff's Department on June 21, 2016, the same day her employment ended. According to the arrest report, Wyatt fabricated accident reports involving County vehicles, submitted the reports to Central Arkansas Risk Management Association (CARMA), the County's insurance provider, and deposited insurance payments totaling \$248,530 into her personal bank account.

**Status per Prosecuting Attorney:** Wyatt remains unfit for prosecution and is unlikely to be restored.

Matters Referred by Legislative Joint Auditing Committee

Pulaski County (Continued)

University of Arkansas Division of Agriculture (*Audit Period: 7/1/20 - 6/30/21*):

2021 The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the Division of Agriculture Cooperative Extension Service (CES) as a result of unauthorized disbursements and alleged misappropriation of funds by the Facilities Administrative Specialist. IAD reviewed all Purchasing Card (P-Card) transactions made by the Facilities Administrative Specialist from January 9, 2020 through November 6, 2020, totaling \$22,840, and confirmed that eight transactions, totaling \$1,346, were for a nonbusiness purpose. The Facilities Administrative Specialist voluntarily terminated employment on November 7, 2020, and, as of report date, had reimbursed \$368 to the University, leaving a balance of \$978.

***Status per Prosecuting Attorney:*** Civil action should be filed to recover the \$978.



## Seventh Judicial District

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*Grant and Hot Spring Counties*

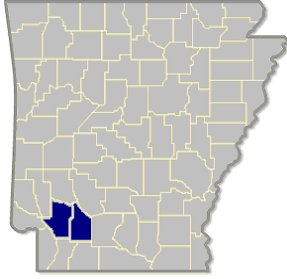
Judicial District Population: 51,238  
Circuit Judges: 2

Teresa Howell  
Prosecuting Attorney

### Matters Referred by Legislative Joint Auditing Committee

**Note:** No matters were referred for Grant and Hot Spring Counties.





# Eighth Judicial District-North

*Hempstead and Nevada Counties*

Judicial District Population: 27,881  
Circuit Judges: 2

Christi McQueen  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Nevada County

Nevada County (*Audit Period: 1/1/20 - 12/31/20*):

2021 County Judge, County Sheriff, and County Clerk

The County paid the Coroner \$17,942 for miscellaneous jobs performed and \$4,255 for law enforcement equipment and installation without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202 and Op. Att'y Gen. no. 2008-014.

**Status per Prosecuting Attorney:** *The Nevada County Coroner is a licensed electrician and as such performed miscellaneous jobs for the County. The work and equipment were legitimate and necessary. As a corrective action, the County has since passed an ordinance authorizing the County Coroner to do electrical work for the County when needed. No further action will be taken.*

County Judge and County Clerk

The County paid an individual \$1,560 for janitorial services without a contract for services or proper documentation.

**Status per Prosecuting Attorney:** *The janitorial services performed and payment were legitimate and necessary. The County Judge now understands that such services require a contract and proper documentation. No further action will be taken.*

Prescott School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 Analysis of an EAST Lab fundraiser revealed that approximately \$5,160 in revenue should have been deposited. However, only \$4,075 was deposited in the District's Activity Fund bank account, leaving unaccounted for fundraising proceeds of approximately \$1,085. The EAST Lab sponsor was custodian of these unaccounted for funds.

**Status per Prosecuting Attorney:** *After further review, the PA determined there was not enough evidence of criminal wrongdoing to proceed to prosecution.*

**Note:** No matters were referred for Hempstead County.



# Eighth Judicial District-South

*Lafayette and Miller Counties*

Judicial District Population: 48,812  
Circuit Judges: 3

Charles Black  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Lafayette County

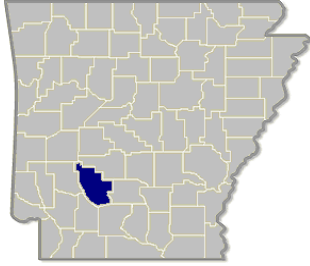
Lafayette County (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 We noted the following discrepancies during our review of the Office of Treasurer/Collector:
- Beginning in June of 2019, the Treasurer/Collector issued a total of 13 manual payroll checks to herself. The checks reflected the correct payroll dates but were cashed in advance of those dates. This practice is in noncompliance with County policy and Ark. Code Ann. § 14-15-807.
  - The Treasurer/Collector did not pay her 2018 real estate taxes, collected in 2019, and omitted these parcels from the published delinquent tax list. As of report date, the real estate taxes for 2019 had not been paid and were not included on the delinquent tax list published on November 27, 2019.

Subsequent to our exit conference, Lafayette County Treasurer/Collector, Sandra Aultman, resigned on January 31, 2021.

***Status per Prosecuting Attorney:*** *The Treasurer/Collector resigned from office, and the PA will not pursue prosecution. This matter is considered closed.*

**Note:** No matters were referred for Miller County.



# Ninth Judicial District-East

Clark County

Judicial District Population: 21,321  
Circuit Judge: 1

Dan Turner  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Clark County

Arkadelphia School District (*Audit Period: 7/1/18 - 6/30/19*):

2020 An examination of contracts for two individuals employed as bus drivers indicated that the contracts for Employee A and Employee B were more than the District's approved salary schedule for those employee positions by \$7,943 and \$4,242, respectively. According to District personnel records:

- Employee A's contract was for bus driving services, for which the employee was paid \$8,774, although the employee did not drive a bus route. Based on timesheets, the employee was also paid \$13,287 for bus shop general labor without a contract, in noncompliance with Ark. Code Ann. § 6-13-620(5)(A)(ii).
- Employee B was absent from work 42 days during the year; 27 of these days were charged as sick leave. Ark. Code. Ann. § 6-17-1304 provides that a school employee shall be entitled to sick leave only for reasons of personal illness or illness in the immediate family, and District policy defines sick leave as "absence from work due to illness." During an interview with ALA staff on February 6, 2020, Employee B acknowledged that 14 of these days were improperly charged as sick leave while Employee B was performing duties for another employer. As a result of the misclassification of leave, Employee B was overpaid salary totaling \$1,001.

**Status per Prosecuting Attorney:** *The PA requested an investigation by the Arkadelphia Police Department. Regarding Employee A, there was no evidence of criminal intent, and no charging decision was made. Information was provided to the District related to the overpayment made in noncompliance. Regarding Employee B, the PA has received information from law enforcement and has contacted legal counsel for the District. A formal filing decision has not been made; however, the matter is still under review.*



# Ninth Judicial District-West

Howard, Little River, Pike, and Sevier Counties

Judicial District Population: 50,491  
Circuit Judge: 2

Erin Hunter  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Howard County

City of Dierks Water and Sewer (*Audit Period: 1/1/15 - 9/30/20*):

2021 Our review revealed that revenue totaling \$501,193 was not deposited in the System's bank accounts during the period January 1, 2015 through September 30, 2020. The Secretary/Water Clerk was custodian of the funds and was responsible for bank deposits. Several internal control deficiencies contributed to funds being apparently misappropriated and the discrepancies not being detected timely.

**Status per Prosecuting Attorney:** *The former City employee who was responsible for this theft has pending felony charges in Howard County Circuit Court.*

In addition, the City failed to obtain annual financial audits or agreed-upon procedures and compilation reports for the System in a timely manner, as required by Ark. Code Ann. § 14-234-119.

**Status per Prosecuting Attorney:** *The PA warned the City about complying with the law regarding reports for their systems in a timely manner.*

City of Nashville (*Audit Period: 1/1/19 - 12/31/19*):

2021 The City paid \$529 for meals for a retired firemen's dinner in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. no. 91-410.

**Status per Prosecuting Attorney:** *The PA wrote the City a warning letter, outlining the rules regarding paying for dinners with the City's money and reminding the City that such action is not in compliance with Arkansas law. No criminal act occurred; therefore, this case is considered closed.*

Mineral Springs School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 The District used \$709 in operating funds for nonbusiness purchases, in conflict with Ark. Const. art. 14, § 2, as interpreted in Op. Att'y Gen. no. 91-411:

- \$459 Christmas party.
- \$250 for class reunions.

The District paid a Board member's son \$2,245 for performing summer work. Although meeting minutes indicate the Board approved this transaction, a written resolution was not adopted, as required by Ark. Code Ann. § 6-24-105.

Matters Referred by Legislative Joint Auditing Committee

Howard County (Continued)

Mineral Springs School District (Audit Period: 7/1/19 - 6/30/20): (Continued)

**Status per Prosecuting Attorney:** The PA wrote the District a warning letter, advising that using operating funds for nonbusiness purposes is not allowed pursuant to Arkansas law. The PA also advised the District that a written resolution is needed to approve the informally approved summer work performed by a person closely related to the District. No criminal act occurred; therefore, this case is considered closed.

Little River County

City of Ashdown (Audit Period: 1/1/19 - 12/31/19):

2021 The City paid \$17,034 to the Park Director for construction services performed, without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107.

**Status per Prosecuting Attorney:** The PA wrote the City a warning letter, advising that a specific written ordinance is needed for the City to do any business with a full time or part time employee, as well as written resolutions or ordinances approving of projects upon completion. The PA was provided proof that the construction project that was paid for by the City and the then City employee was actually constructed and that the payments to the employee matched the invoices for the project. No criminal act occurred; therefore, this case is considered closed.

Sevier County

City of De Queen (Audit Period: 1/1/19 - 12/31/19):

2021 The City paid \$8,611 to the Mayor for sick leave accrued but not used during the Mayor's employment with the City as Water Department Superintendent before beginning the term as Mayor on January 1, 2019. Although meeting minutes indicate City Council approval, the payment conflicts with the City's personnel policy, which states, "Payment for unused sick leave will not be made when the employment terminates for any reason other than death or retirement."

**Status per Prosecuting Attorney:** The PA was provided proof that the City changed its personnel policy to accommodate the rare instance of a former full time employee being elected to a full time position and creating a policy that requires payment of unused sick leave at such point in time. No criminal act occurred; therefore, this case is considered closed.

Matters Referred by Legislative Joint Auditing Committee

Sevier County (Continued)

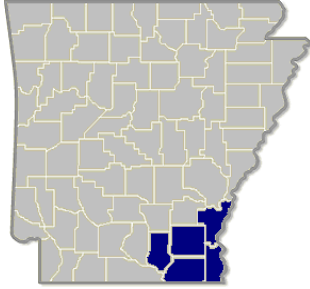
City of Horatio (Audit Period: 1/1/19 - 12/31/19):

2021 The City improperly disbursed funds totaling \$1,660 in apparent conflict with the “public purpose” doctrine and Ark. Const. art. 12, § 5, as interpreted by the Attorney General in Op. Att’y Gen. nos. 91-410 and 92-099, as follows:

- \$750 donation to Hometown Connections for volunteer work at a city park.
- \$500 donation for a Christmas parade.
- \$410 in donations to the Horatio School District for various programs.

**Status per Prosecuting Attorney:** *The PA wrote the City a warning letter, stating that the City cannot donate public funds for items such as volunteer work, Christmas parade, or to the local school district for various programs. The PA does not believe these payments were made as part of any criminal act; therefore, this case is considered closed.*

**Note:** No matters were referred for Pike County.



# Tenth Judicial District

Ashley, Bradley, Chicot, Desha, and Drew Counties

Judicial District Population: 67,301  
Circuit Judge: 5

Thomas Deen  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Ashley County

Ashley County (*Audit Period: 1/1/20 - 12/31/20*):

- 2021 The County paid \$1,190 to a Quorum Court member for tractor parts and repairs without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202 and Op. Att'y Gen. no. 2008-014.

**Status per Prosecuting Attorney:** *No charges have been filed at this time.*

### Bradley County

Jersey Rural Fire Department (*Audit Period: 1/1/19 - 3/15/20*):

- 2020 Review of Department records, for the period January 1, 2019 through March 15, 2020, revealed the following improper/undocumented disbursements totaling \$7,547 that appear to have been made by the Treasurer:

- \$4,403 in undocumented disbursements that, based on discussions with Department personnel, appear to be for personal expenses. These expenses consisted of online purchases (\$2,597), utilities (\$933), and loan payments (\$873).
- \$3,144 in reimbursements to the Treasurer without proper documentation. Invoices totaling \$2,336 were provided to support these reimbursements. However, based on dates and amounts, many of the invoices appear to be unrelated to the reimbursements received by the Treasurer.

The Treasurer reimbursed the Department \$1,000 for personal expenses in February 2020 after Department personnel discovered the improper spending. Similar undocumented disbursements totaling \$1,222 and \$4,221 were noted in 2018 and 2017, respectively. On June 22, 2020, ALA staff requested documentation to support these disbursements. However, the former Treasurer failed to respond or provide the requested documentation.

**Status per Prosecuting Attorney:** *Sheila Loomis was found guilty by the court of abuse of office, a class D felony; sentenced to 36 months probation; and ordered to pay \$5,211 in restitution and \$2,440 in fines, fees, and costs.*

**Matters Referred by Legislative Joint Auditing Committee**

**Bradley County (Continued)**

Warren School District (*Audit Period: 7/1/19 - 6/30/20*):

- 2021 The Board obtained authorization from the Commissioner of Education allowing the District to conduct business with a bank where a member of the District's Board of Education is also a member of the bank's Board of Directors. Although this authorization expired on June 30, 2019, the District continued to conduct business with this bank through the audit report date without authorization from the Commissioner of Education, in conflict with Ark. Code Ann. § 6-24-105.

***Status per Prosecuting Attorney:*** No charges have been filed at this time.

**Chicot County**

City of Dermott (*Audit Period: 1/1/17 - 12/31/17*):

2019 Mayor

Unaccounted for funds totaling \$17,183 were noted as follows:

- Cash receipts for the General, Street, and Water Department Funds exceeded cash deposits by \$15,594 for the period January 1, 2016 through April 30, 2017. Unreceipted checks were included in the bank account deposits, and a clerk made numerous adjustments to customer accounts in the Water Department computer system in an apparent attempt to conceal the unaccounted for cash.
- Receipts for the General and Water Department Funds exceeded bank deposits by \$1,589 for the period May 1, 2017 through December 31, 2017. The person(s) responsible for these unaccounted for funds could not be determined.

***Status per Prosecuting Attorney:*** The matter has been referred to a Special Prosecuting Attorney. A court date is scheduled for December 2022.

**Desha County**

Desha County (*Audit Period: 1/1/20 - 12/31/20*):

2021 County Judge

The County paid two employees a total of \$19,095 without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-14-1202 and Op. Att'y Gen. no. 2008-014:

- \$13,866 paid to Employee #1 for sanitizing/housekeeping duties performed outside normal working hours.
- \$5,229 paid to Employee #2 for sanitizing duties performed during and after normal working hours.

***Status per Prosecuting Attorney:*** No charges have been filed at this time.



Matters Referred by Legislative Joint Auditing Committee

Desha County (Continued)

Desha County (Audit Period: 1/1/20 - 12/31/20): (Continued)

County Clerk

The County paid a total of \$1,665 in improper mileage reimbursements to the County Clerk (\$736) and Chief Deputy County Clerk (\$929) for conducting business in their hometown, as follows:

- \$1,153 for making bank deposits that, based on bank time stamps, appeared to be made on the commute to/from work.
- \$219 for duplicate mileage reimbursements.
- \$184 for making bank deposits on days when, according to bank statements, no deposits were made.
- \$109 for other commuting mileage.

In addition, the County Clerk and Chief Deputy County Clerk received \$808 in questionable mileage reimbursements for conducting other business in their hometown. The validity of these reimbursements could not be determined based on review of available records.

**Status per Prosecuting Attorney:** *No charges have been filed at this time.*

Drew County

City of Monticello (Audit Period: 1/1/18 - 12/31/18):

- 2020 From November 19, 2018 through January 7, 2019, an individual used City bank account information to process three unauthorized withdrawals totaling \$6,974. Entity personnel initially discovered the unauthorized withdrawals upon reconciliation of the affected accounts, and the funds were recovered from the bank on February 7 and 11, 2019.

**Status per Prosecuting Attorney:** *The PA has requested a State Police investigation.*

Drew Central School District (Audit Period: 7/1/19 - 6/30/20):

- 2021 District personnel contacted the Drew County Sheriff's Department regarding concerns that concession sales were not submitted for deposit. The Sheriff's Department investigation indicated \$2,098 in concession sales was not deposited; however, records were not available to determine if additional funds were misappropriated. Of this \$2,098, District employee April Irons, whose employment was terminated on March 30, 2020, was responsible for \$1,050, and District volunteer Steven Stain was responsible for the remaining \$1,048. As of report date, the District had received restitution totaling \$2,098.

**Status per Prosecuting Attorney:** *Both Irons and Stain entered negotiated pleas of guilty to theft of property charges and were sentenced to 36 months supervised probation. Irons was ordered to pay restitution in installments of \$100 per month, as well as court costs and fees of \$540. Stain was ordered to pay \$1,048 in restitution and \$540 in court costs and fees.*



# Eleventh Judicial District-East

Arkansas County

Judicial District Population: 16,722  
Circuit Judges: 1

Tim Blair  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Arkansas County

Arkansas Game and Fish Commission (*Audit Period: 7/1/19 - 6/30/20*):

2021 R1-19-4-2004 of the Department of Finance and Administration (DFA) Office of Accounting Financial Management Guide states that "the bonded disbursing officer for each state agency, board, commission or institution is responsible for...reporting any losses of state funds to the Chief Fiscal Officer of the State and to the Division of Legislative Audit. Losses include...the apparent theft or misappropriation of state funds or property theft." The Arkansas Game and Fish Commission (AGFC) notified Arkansas Legislative Audit (ALA) of the following theft of state property:

- On January 11, 2021, AGFC staff were made aware of a theft that occurred at a storage unit in DeWitt, Arkansas that contained materials for the Nongame Bird Program. Contents stolen included research materials, office furniture, safety equipment, and small electronic devices valued at \$5,020. A police report was filed.

**Status per Prosecuting Attorney:** *This matter is still under investigation by the Dewitt Police Department.*

Town of St. Charles (*Audit Period: 1/1/18 - 12/31/19*):

2021 Mayor

The Town agreed, with Council approval, to sell property to an employee for \$3,000 via monthly payments of \$75; as of August 10, 2020, the employee had paid the debt in full. However, this arrangement appears to conflict with Ark. Const. art. 12, § 5, which states, in part, "No county, city, town or other municipal corporation, shall...loan its credit to, any corporation, association, institution or individual."

The Town received donations of \$5,850 in 2019 for the purchase of a drug dog costing \$5,950. Due to the dog handler's resignation and the cost of training the dog with a new handler, the Town sold the dog to the former Police Chief in August 2019 for \$10, with Council approval.

**Status per Prosecuting Attorney:** *After review of both of these events, the PA found that neither involved a criminal act. No further investigation is necessary.*



# Eleventh Judicial District-West

Jefferson and Lincoln Counties

Judicial District Population: 78,898  
Circuit Judges: 6

S. Kyle Hunter  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Jefferson County

Department of Correction (*Audit Period: 7/1/19 - 6/30/20*):

2021 In accordance with Ark. Code Ann. § 25-1-124, the Agency reported to Arkansas Legislative Audit a misappropriation of property at the Division of Correction's Central Armory involving ammunition and a firearm. The Department of Corrections – Internal Affairs investigated the allegation and determined that an employee of the Central Armory was selling ammunition purchased by the Department of Corrections, with the majority of ammunition sold coming from the Grimes Unit. Additionally, when the same employee was questioned by Internal Affairs, the employee returned a Division of Correction firearm that was shown to be deactivated in AASIS and had the Division of Correction in-house inventory number changed.

In January 2017, the Grimes Unit transferred 34,175 rounds of ammunition to the Central Armory as it was no longer needed, and from there it was scheduled to be moved to the Department of Transformation and Shared Services – Marketing and Redistribution (M&R) for disposal. However, M&R did not receive the ammunition. Based on an Internal Affairs investigation, 28,352 rounds transferred by the Grimes Unit, with an estimated cost of \$8,789, could not be accounted for.

During an in-house inventory of firearms at the Wrightsville Unit in April 2021, a weapon was found that was deactivated in AASIS. Central Armory staff were informed, and they instructed Wrightsville Unit staff to return the deactivated item so that the Armory could issue a new firearm. During follow-up procedures, Internal Affairs could not locate a transfer form for the deactivated firearm that showed it being received at the Central Armory. The firearm was returned to Internal Affairs by the same Central Armory employee that allegedly sold the ammunition with an altered Division of Correction inventory number.

Internal Affairs has provided all information to the Arkansas State Police, which has opened a criminal investigation.

**Status per Prosecuting Attorney:** *After review of the investigation, it was determined that there was insufficient evidence for criminal prosecution.*

Matters Referred by Legislative Joint Auditing Committee

Jefferson County (Continued)

Department of Correction (*Audit Period: 7/1/19 - 6/30/20*): (Continued)

In accordance with Ark. Code Ann. § 25-1-124, the Agency reported to ALA that an employee had received an unauthorized salary increase, which resulted in an overpayment of wages totaling \$4,676. A management-level employee within the Division of Correction instructed human resource staff that the employee had received a salary increase. The increase was input into AASIS by staff without any documentation from someone with authority to approve the change.

**Status per Prosecuting Attorney:** *Arkansas State Police investigated this matter and determined that the employee's supervisor approved the salary increase. The increase was input into AASIS without proper documentation from the supervisor, but the increase was authorized. Therefore, no criminal charges are appropriate.*

Jefferson County (*Audit Period: 1/1/20 - 12/31/20*):

2021 County Judge

Due to the COVID-19 pandemic, the County paid \$70,920 to two individuals for deep cleaning and sanitizing of County buildings during the period January 1, 2020 through August 26, 2021. These individuals do not appear to have provided cleaning services to other customers or to operate an incorporated cleaning business. Additionally, we were unable to determine if these individuals were qualified to provide specialized cleaning services.

During a meeting with the County Judge and other County employees on August 24, 2021, the County Judge's Chief of Staff acknowledged hiring the individuals and approving the invoices. However, she was unable to provide any detailed information concerning these individuals' qualifications or the process for selecting them to provide the cleaning services.

Also, the County Clerk failed to issue an Internal Revenue Service (IRS) Form 1099-Misc. to one of the individuals, who received payments totaling \$26,600 in 2020.

The County Judge notified the 11th West Judicial District Prosecuting Attorney of these matters.

**Status per Prosecuting Attorney:** *These matters are being investigated by Arkansas State Police.*

Matters Referred by Legislative Joint Auditing Committee

Jefferson County (Continued)

Pine Bluff School District (Audit Period: 7/1/17 - 6/30/18):

2019 Review of timesheets for two District employees who provided security and painting services revealed the following:

- 145 days with 20 or more hours charged per day, including 32 days with over 24 hours charged in a single day.
- 100 hours charged for painting at District campuses while providing security on out-of-town trips.

During interviews with ALA staff, the approving supervisor indicated, and ALA staff confirmed, that his signature was forged on some of the timesheets, which were used to support wages totaling \$69,781 (\$35,696 paid to Employee A and \$34,085 paid to Employee B) for painting services. In addition, both employees acknowledged that the hours reflected on these timesheets not entitled to the pay they received for these hours.

**Status per Prosecuting Attorney:** Bennie Shelton III (Employee A) was charged with felony forgery and theft of property. Shelton entered a negotiated plea of guilty; was sentenced to 240 months probation and 120 hours community service; and was ordered to pay fees and costs of \$535 and \$35,686 in restitution.

Jeffery McClure (Employee B) was charged with 26 counts of felony second degree forgery and one count of theft of property. McClure entered a negotiated plea of guilty; was sentenced to 240 months probation and 120 hours community service; and was ordered to pay fees and costs of \$560 and \$34,085 in restitution.

Bond Trust Fund reimbursed losses totaling \$67,076.

University of Arkansas at Pine Bluff (Audit Period: 7/1/20 - 6/30/21):

2021 The University of Arkansas System Internal Audit Department (IAD) conducted an audit of the University of Arkansas at Pine Bluff (UAPB) as a result of alleged misappropriation of University-owned property or funds from the Tobacco Prevention and Cessation Program (TPCP). In January 2019, the University contacted the Arkansas Department of Health (ADH) concerning irregularities noted in a Minority Initiative Sub-Recipient Grant Office (MISRGO) sub grantee, Part of the Solutions (POTS). As discussed below, ADH and IAD identified unauthorized/unallowable transactions totaling \$24,335.

In February 2019, ADH submitted a report to UAPB, concluding that the POTS Program Coordinator violated numerous grant regulations and participated in fraudulent actions. These actions included 26 invoices, verified by the vendors as fictitious, for services that POTS did not provide, which resulted in POTS receiving unallowable reimbursements totaling \$10,467.

Subsequently, IAD compared bank statements provided by the bank with those provided by the POTS Program Coordinator and reviewed other documentation, resulting in identification of unauthorized or unallowable transactions totaling \$13,868:

Matters Referred by Legislative Joint Auditing Committee

Jefferson County (Continued)

University of Arkansas at Pine Bluff (*Audit Period: 7/1/20 - 6/30/21*): (Continued)

- \$10,673 in unauthorized transactions, involving altered vendors, transaction description, amount, and/or date.
- \$3,195 in unallowable reimbursements from MISRGO to POTS.
  - \$2,282 for payroll taxes that were not actually paid.
  - \$687 for equipment that was not actually purchased.
  - \$181 in excess reimbursement for medical insurance payments.
  - \$45 for travel reimbursements to a volunteer, although POTS did not issue payments to a volunteer.

As a result of these transactions, POTS Program Coordinator Dwayne Robinson was arrested on November 2, 2021, and charged with theft of property, forgery, and falsifying business records.

**Status per Prosecuting Attorney:** *Dwayne Robinson was charged with theft of property, forgery, and falsifying business records. This case is set for trial on February 13, 2023.*

Lincoln County

Lincoln County (*Audit Period: 1/1/20 - 12/31/20*):

- 2021 Sheriff's Department employees working 12-hour days received 50% more hours of vacation leave than other employees, in conflict with the County's Personnel Handbook and Ark. Code Ann. § 14-14-805(2). A similar finding was issued in the prior report.

**Status per Prosecuting Attorney:** *This matter has been addressed and should now be resolved. No charges will be filed.*



# Twelfth Judicial District

Sebastian County

Judicial District Population: 128,400  
Circuit Judges: 7

Daniel Shue  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Sebastian County

City of Greenwood (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 The City disbursed \$10,566 for the following expenses, in apparent conflict with Ark. Const. art. 12, § 5:
- \$10,000 paid to the Western District Fort Smith Historical Society, a nonprofit organization, without a contract for services.
  - \$566 paid to Arkansas Blue Cross Blue Shield for a Council member's family plan health insurance premiums 21 days before receiving payment from the Council member.

**Status per Prosecuting Attorney:** *The PA contacted the City Attorney and, after reviewing the Attorney's response, believes this is not a criminal matter, there being no criminal intent on the part of the City.*

City of Hartford (*Audit Period: 1/1/19 - 12/31/20*):

- 2021 The City paid \$3,100 in 2020 for expenses related to reinstatement of the Recorder/Treasurer's law license, which was not required for the duties of this position, in conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1992-099. In addition, this payment was not included as taxable income for the Recorder/Treasurer.

**Status per Prosecuting Attorney:** *The PA contacted the City Attorney and, after reviewing the Attorney's response, believes this is not a criminal matter, there being no criminal intent on the part of the City.*



# Thirteenth Judicial District

*Calhoun, Cleveland, Columbia, Dallas, Ouachita, and Union Counties*

Judicial District Population: 101,881  
Circuit Judges: 6

Jeff Rogers  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Calhoun County

City of Hampton (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 On August 14, 2017, the City Council approved paying the Mayor \$236 per month for health insurance coverage but made the payments before the expense was incurred, in apparent conflict with the “public purpose” doctrine and Ark. Const. art. 12, § 5. As of report date, the City had overpaid the Mayor \$1,458, which he refunded the City on February 24, 2021, after ALA staff brought the matter to his attention.

**Status per Prosecuting Attorney:** *With the money refunded, this matter is considered closed.*

### Columbia County

City of Magnolia (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 The City made an advance payment of \$25,000 to a Council member for a Christmas lighting decoration project without an authorizing ordinance or contract for services, in noncompliance with Ark. Code Ann. § 14-42-107. Additionally, the advance payment conflicts with Ark. Code Ann. § 14-59-105 and with Ark. Const. art. 12, § 5, which states, in part, “No...city...shall...obtain or appropriate money for...any corporation, association, institution, or individual.” According to City officials, documentation was subsequently provided for materials used on the project; however, based on City inventory, only \$11,660 of the documented materials were for the project. Therefore, we were unable to determine if all the materials purchased were utilized for the project. The City Attorney is investigating this matter.

**Status per Prosecuting Attorney:** *The PA previously sent a letter to the City Attorney inquiring into this matter. The City Attorney has now responded and advised that the City Treasurer verified that all money spent was accounted for and that the City received all materials related to the project. Further, the City Attorney advised that the City Council adopted a resolution approving the agreement between the Council member at issue and the A&P Commission, and acknowledging that the terms of the agreement had been met by both parties.*



Matters Referred by Legislative Joint Auditing Committee

Columbia County (Continued)

City of Magnolia (Audit Period: 1/1/19 - 12/31/19): (Continued)

The City paid salary of \$3,000 and \$2,500 to the Mayor and Recorder/Treasurer, respectively, in excess of their individually appropriated amounts, in noncompliance with Ark. Code Ann. § 14-42-120.

**Status per Prosecuting Attorney:** *The PA previously sent a letter to the City Attorney inquiring into this matter. The City Attorney responded and advised that the City Council passed a resolution amending the budget to ratify and allow for such payments. As a result, this is not considered a criminal matter, and this matter is considered closed.*

Dallas County

Dallas County (Audit Period: 1/1/19 - 12/31/19):

2021 The County disbursed funds totaling \$9,300 without a contract, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted in Op. Att'y Gen. no. 1992-099, as follows:

- \$4,000 to Dallas County Conservation District.
- \$3,500 to American Red Cross.
- \$1,200 to Morning Meadow.
- \$600 to the Florence Crittenden Home.

**Status per Prosecuting Attorney:** *The PA will be sending a letter of caution to the County Judge regarding this issue and requesting that the County enter into a contract for such services or, alternatively, that the funds be reimbursed. This is not considered a criminal matter, and this matter is considered closed.*

Ouachita County

Upper White Oak Lake Volunteer Fire Department (Audit Period: 1/1/16 - 12/31/20):

2021 ALA staff review revealed improper disbursements totaling \$14,241, as well as internal control deficiencies. The improper disbursements included \$12,955 in undocumented ATM withdrawals that appear to have been made by the Treasurer. According to the Fire Chief, the Treasurer was dismissed in January 2021 after acknowledging the misappropriation of Department funds for personal use.

**Status per Prosecuting Attorney:** *Treasurer John Lewis entered a negotiated plea of guilty to felony theft of public benefits >\$2,500, was sentenced to 36 months suspended imposition of sentence, and was ordered to pay \$14,241 in restitution and \$420 in fees and costs.*

Matters Referred by Legislative Joint Auditing Committee

Union County

City of El Dorado (Audit Period: 1/1/19 - 12/31/19):

2021 Mayor

As noted in the 2014, 2017, and 2018 audit reports, the Advertising and Promotion Commission provides promoters with advance funds to secure talent for events at the Municipal Auditorium. The Commission entered into a contract with a local promoter and provided advance funds of \$20,000, in noncompliance with Ark. Const. art. 12, § 5, which states that no city shall “loan its credit to any corporation, association, institution or individual.” The contract requires the promoter to repay advance funds within 30 days following a contracted event. Although the event was held on November 22, 2014, the promoter did not repay any of the advance funds until 2016. As of February 11, 2020, the City had received \$20,000 from the promoter. The City has allowed the promoter to continue renting the Municipal Auditorium building and portable stage for events, with unpaid rental fees totaling \$2,917 for the period June 2015 through October 2017. The City provided no contracts or bills for 2019 and no records for 2020. The City is currently pursuing legal action to seek repayment of outstanding funds.

**Status per Prosecuting Attorney:** *The PA previously sent a caution letter to the Mayor and City Attorney advising against this practice in the future. The PA also advised that appropriate action should be taken to recover all unpaid rental fees. The City filed a lawsuit against the promoter in Union County Circuit Court, case No. 70CV-20-253. A bench trial was held on April 22, 2021, and a judgment was awarded to the City in the amount of \$2,917. Efforts to enforce the judgment are pending. This matter is considered closed.*

The City paid \$5,670 to an employee for miscellaneous jobs performed after normal working hours without an authorizing ordinance, in apparent conflict with Ark. Code Ann. § 14-42-107. A similar finding was noted in the prior report.

**Status per Prosecuting Attorney:** *The PA will send a letter to the Mayor and City Attorney requesting an explanation and advising of the necessity of an ordinance for payment of such services in the future.*

City of Strong (Audit Period: 1/1/18 - 12/31/18):

2020 Mayor

Analysis of receipts revealed unaccounted for funds totaling \$680 as follows:

- Receipts issued by clerks were subsequently re-receipted by the Mayor, and only receipts issued by the Mayor have been provided by the City in prior audits. Analysis of receipts issued by clerks for the period January 1, 2018 through March 19, 2020, revealed that receipts totaling \$409 were not entered in the City’s general ledger and were apparently not deposited. Several clerk receipt books could not be located; therefore, the actual amount of unaccounted for funds could be higher.
- Receipts totaling \$186, which were issued by the Mayor in February 2018, were not deposited.

Matters Referred by Legislative Joint Auditing Committee

Union County (Continued)

City of Strong (Audit Period: 1/1/18 - 12/31/18): (Continued)

- Receipts issued by the Mayor for two Community Center rentals in 2018 were \$85 less than the amount actually received and noted on the rental agreements.

Analysis of the Mayor's personal Water and Sewer Department accounts, for the period December 9, 2016 through March 24, 2020, revealed the following:

- A "Bad Debt Adjustment" was posted on December 9, 2016, to eliminate a delinquent balance of \$315.
- A "Misread Meter Adjustment" was posted on March 29, 2019, to reduce the account balance by \$471. The misreading apparently occurred prior to March 2019, when the Department was using a different computer system. Data from this system were unavailable, so the validity of this adjustment could not be determined.
- Only one payment has been made on the account since March 2019, resulting in a delinquent balance of \$488 as of March 24, 2020.

**Status per Prosecuting Attorney:** *These matters are currently under investigation by law enforcement.*

City of Strong (Audit Period: 1/1/16 - 12/31/17):

2019 Improper disbursements noted during review of selected expenditures are as follows:

- \$36,201 in expenses and \$516 in vacation leave paid before services were rendered.
- \$5,839 in payments to individuals and businesses without adequate documentation; therefore, the validity of these disbursements could not be determined.
- \$270 in travel-related expenses without a business purpose indicated.
- \$182 in undocumented petty cash reimbursements and \$140 in undocumented cash withdrawals.
- \$150 charge assessed by hotel for smoking in room.
- \$60 reimbursement for meals without an overnight stay.

Additionally, ALA staff noted \$15,721 in questionable payments to individuals and businesses that were supported by handwritten invoices not signed by the individual receiving the funds. It appears that many of these invoices were actually prepared by the City.

On December 10, 2018, an individual used City bank account information to process an unauthorized withdrawal totaling \$2,700. An outside accounting firm utilized by the City discovered the unauthorized withdrawal upon reconciliation of the affected bank account on April 23, 2019. Due to not being detected timely, the bank will not reimburse the City's funds.

Matters Referred by Legislative Joint Auditing Committee

Union County (Continued)

City of Strong (Audit Period: 1/1/16 - 12/31/17): (Continued)

**Status per Prosecuting Attorney:** *These matters are currently under investigation by law enforcement.*

Union County (Audit Period: 1/1/19 - 12/31/19):

2021 A review of the Union County Sheriff's Reserve Account, maintained by the Sheriff's Auxiliary, revealed the following improper disbursements totaling \$1,253 during the period June 12, 2019 through December 31, 2019:

- \$1,100 for Christmas party and gifts.
- \$153 for trophies.

These disbursements appear to conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1991-410. In addition, during 2019, the County's tax identification number was used for this account, and non-County employees signed checks. A similar finding was issued in the prior report.

Subsequently, a separate tax identification number was obtained for the Reserve Account; therefore, it will be no longer under County control.

**Status per Prosecuting Attorney:** *A similar report was made for the period January 1, 2018 through June 11, 2019. Pursuant to that report, the PA sent a letter of caution to the Sheriff's Auxiliary advising against such practice in the future. The Sheriff's Auxiliary has now obtained their own tax identification number, and as a result, this matter is considered closed.*

A County employee rented a mobile home that was controlled by the County and located at the El Dorado-Union County Recreation Complex. County officials stated that a verbal agreement for the 2019 fiscal year established that the employee would pay rent of \$300 per month. However, they collected only 8 months of rent in 2019, leaving \$1,200 owed to the County. Effective January 1, 2020, the County terminated the existing management agreement with the El Dorado-Union County Recreation Complex, and no longer assumes control over the mobile home.

**Status per Prosecuting Attorney:** *The PA will send a caution letter to the County Judge advising against such practice in the future. The PA will also advise that appropriate legal action should be taken to recover all unpaid rental fees.*

Union County (Audit Period: 1/1/17 - 12/31/17):

2018 County Judge

On October 5, 2017, ALA staff observed a local construction company, owned by the father of the County Judge, acquiring loads of gravel at the County Road Department. During the 2017 audit engagement, ALA staff also determined that gravel tickets were not processed for this company on that date; Road Department personnel could not explain this discrepancy.

**Status per Prosecuting Attorney:** *This matter is currently under investigation.*

Matters Referred by Legislative Joint Auditing Committee

Union County (Continued)

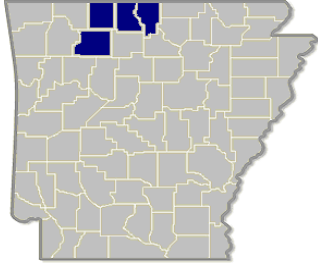
Union County (Audit Period: 1/1/16 - 12/31/16):

2018 County Judge

According to a Sheriff's Office incident report, cash totaling approximately \$15,000 and tools valued at \$3,000 were stolen from the Road Department shop during a burglary in September 2016. An interview with the Road Foreman and County Judge revealed that the \$15,000 was from the sale of scrap metal. Two Road Department employees, James Davis and Christopher Green, whose employment was terminated on September 21, 2016 and September 22, 2016, respectively, were arrested. Subsequently, both individuals were charged with and pled guilty to commercial burglary and theft of property. Cash totaling \$9,061 and the tools were recovered from these individuals upon arrest. Based on Sheriff's Office reports and interviews with County personnel, the cash was released to the County Judge. However, this cash was never deposited in a County bank account and could not be physically located. On January 24, 2018, the County Judge assumed responsibility for the unaccounted for funds and reimbursed \$9,061 to the County, leaving \$5,939 unaccounted for.

**Status per Prosecuting Attorney:** *This matter is currently under investigation.*

**Note:** No matters were referred for Cleveland County.



# Fourteenth Judicial District

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*Baxter, Boone, Marion, and Newton Counties*

Judicial District Population: 104,156  
Circuit Judges: 4

David Ethredge  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Baxter County

Arkansas Game and Fish Commission (*Audit Period: 7/1/19 - 6/30/20*):

2021 R1-19-4-2004 of the Department of Finance and Administration (DFA) Office of Accounting Financial Management Guide states that “the bonded disbursing officer for each state agency, board, commission or institution is responsible for...reporting any losses of state funds to the Chief Fiscal Officer of the State and to the Division of Legislative Audit. Losses include...the apparent theft or misappropriation of state funds or property theft.” The Arkansas Game and Fish Commission (AGFC) notified Arkansas Legislative Audit (ALA) of the following theft of state property:

- Between May 18, 2020 and July 22, 2020, a 20 horsepower Yamaha outboard motor with a tiller handle and an electric jack plate with a cost of \$3,218 was stolen from an AGFC trout boat while located at Shawnee Supreme Boats in Midway, Arkansas (Baxter County) for repairs. Incident and police reports were filed.

***Status per Prosecuting Attorney:*** *This matter remains under investigation by law enforcement. At this time, a defendant has not been identified.*

### Newton County

Jasper School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 In July and August 2019, 463 fraudulent charges totaling \$13,977 were made to a District purchasing card (P-card). Both the District Treasurer and Superintendent were aware of this breach; however, the District paid the entire balance and subsequently disputed the charges. In October and December 2019, the District was credited \$1,790. However, the District did not follow up on the remaining improper charges until ALA staff inquired about the issue during the audit engagement. As of report date, the District has not been reimbursed for fraudulent charges totaling \$12,187, and according to District personnel, the financial institution that issued the P-card is reviewing the outstanding disputed charges.

***Status per Prosecuting Attorney:*** *All funds have been accounted for and provided back to the District by the financial institution. In addition, an appropriate policy is being implemented by the District to address the issue.*

Matters Referred by Legislative Joint Auditing Committee

Newton County (Continued)

Newton County (Audit Period: 1/1/19 - 12/31/19):

2021 County Judge

The County paid a total of \$132,752 to two vendors to blast (\$23,262) and crush rock (\$99,750) at a quarry owned by a private individual, whom the County paid \$9,740 for the purchase of the rock, without a contract for quarry use or for gravel storage on the individual's property. Because the gravel is not stored on County property, the County is unable to monitor access to the gravel or maintain a record of inventory. Furthermore, competitive bids were not solicited for rock blasting and crushing, in noncompliance with Ark. Code Ann. §§ 14-22-101 —14-22-115.

In addition, according to a County Official, the County used resources (including trucks and employees) to haul gravel for citizens who purchased the gravel from another vendor in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 2000-243. Due to insufficient documentation (e.g., truck/trip logs), the value of these services could not be determined.

**Status per Prosecuting Attorney:** *The County Judge has addressed this issue. Although the practice was not in compliance, there was no finding of any criminal act in this matter.*

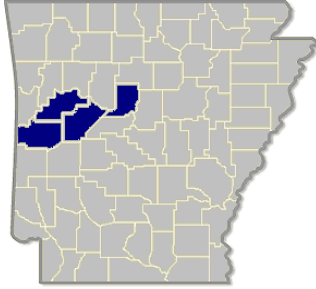
County Sheriff

On June 11, 2019, the County Sheriff sold 103 seized firearms to a gun dealer for \$12,150. Rather than issuing payment to the County, the dealer issued payment to a car dealership, and the Sheriff's Office subsequently purchased a vehicle from the dealership, using the gun sale proceeds as credit. We noted the following areas of noncompliance regarding these transactions:

- The Sheriff did not sell unclaimed seized property at public auction, as required by Ark. Code Ann. § 5-5-101.
- Proceeds from the firearms sale were not remitted to the County Treasurer, as required by Ark. Code Ann. § 14-14-1313.
- The vehicle purchase was not budgeted by the Quorum Court, approved by the County Judge, and paid by the County Treasurer, as required by Ark. Code Ann. §§ 14-20-103, 14-14-1102, and 14-24-204.
- Documentation of the origin could not be provided for 61 firearms sold, and authorization of disposal was not available for 83 of the firearms sold.

**Status per Prosecuting Attorney:** *Although the Sheriff did not follow the provisions of Ark. Code Ann. § 5-5-101 in the sale, there is not an issue for prosecution. The Sheriff has been advised as to the proper procedure to be followed and used in maintaining records on seized inventory and subsequent sale of said inventory. In addition, the Sheriff has been directed to ensure all funds are deposited into the correct account under the County Treasurer.*

**Note:** No matters were referred for Boone and Marion Counties.



# Fifteenth Judicial District

Conway, Logan, Scott, and Yell Counties

Judicial District Population: 72,065  
Circuit Judges: 3

Tom Tatum, II  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Conway County

City of Morrilton (Audit Period: 1/1/20 - 12/31/20):

2021 Mayor and Airport Commissioner

A review of Airport Commission Board meeting minutes and rental records revealed that a balance of \$35,514 was due from two individuals for airport hangar fees and utility expenses through April 30, 2021. This balance conflicts with Ark. Const. art. 12, § 5, which states, in part, "No...City...shall...appropriate money for, or loan its credit to any corporation, association, institution, or individual." Additionally, the Airport Commission does not have a policy in place regarding collection of amounts due for airport hangar fees and utility cost reimbursements. A similar finding was noted in the previous report.

**Status per Prosecuting Attorney:** *The PA corresponded with the City, and it appears the issue has been resolved. All billing is now current, with the exception of one; those payments are current and an additional amount is being paid every month on the arrearages.*

Recorder/Treasurer

Airport fuel sales totaling \$64,369, collected by a remote access software vendor, for the period January 1, 2020 through April 30, 2021, were in the possession of the vendor and not immediately remitted to the City Recorder/Treasurer for deposit, as required by Ark. Code Ann. § 14-59-104. As of report date, the vendor is remitting all funds to the City and billing the City for fuel.

**Status per Prosecuting Attorney:** *Everything was corrected before the audit was completed; every month, the funds and billing are remitted and closed out.*

Town of Menifee (Audit Period: 1/1/20 - 12/31/20):

2021 Mayor and Police Chief

Fines and costs revenue of \$126,642 exceeded 30% of the Town's total expenditures in the preceding year by \$28,514, in noncompliance with Ark. Code Ann. § 12-8-403. This revenue was generated from traffic offense citations written by or arrests made by the Town's law enforcement personnel or from ancillary actions related to the enforcement of traffic offenses.

**Status per Prosecuting Attorney:** *The PA has issued an Order preventing the Town from issuing any traffic citations on Highway 64 in Menifee for at least one year.*



Matters Referred by Legislative Joint Auditing Committee

Yell County

Yell County (Audit Period: 1/1/20 - 12/31/20):

- 2021 An analysis of the Sanitation Fund accounts receivable subsidiary ledger revealed that two trash collection vendors owed sanitation fees of \$53,965 and \$21,360, respectively, at December 31, 2020. As of May 31, 2021, the balances due for these same two vendors were \$38,965 and \$21,360, respectively. These balances conflict with Ark. Const. art. 12, § 5, which states, in part, "No...County... shall... appropriate money for, or loan its credit to any corporation, association, institution, or individual." In April 2021, the County received a written agreement with one of the businesses for payments of \$5,000 per month. A similar finding was issued in the prior two audit reports.

**Status per Prosecuting Attorney:** The PA spoke with the County Judge, and both of the trash collection business accounts have been set up on regular payment schedules. The vendor originally owing \$53,965 has been remitting payments, and the balance is approximately \$10,000. The second vendor, with an original balance of \$21,360, has not made payments as agreed. The PA has recommended that the County proceed against this second vendor in civil court. Both trash collection vendors are on a cash-only basis.

Yell County (Audit Period: 1/1/19 - 12/31/19):

- 2021 An analysis of the Sanitation Fund accounts receivable subsidiary ledger revealed that two trash collection businesses owed sanitation fees of \$68,145 and \$21,360, respectively, at December 31, 2019. At June 30, 2020, the balances due for these same two businesses were \$58,965 and \$21,360, respectively. These balances conflict with Ark. Const. art. 12, § 5, which states, in part, "No...County... shall... appropriate money for, or loan its credit to any corporation, association, institution, or individual." Additionally, the County does not have a policy in place regarding collection of amounts due for sanitation fees. A similar finding was reported in the previous audit.

**Status per Prosecuting Attorney:** The PA spoke with the County Judge, and both of the trash collection business accounts have been set up on regular payment schedules. The first vendor has been remitting payments, and the balance is approximately \$10,000. The second vendor has not made payments as agreed. The PA has recommended that the County proceed against this second vendor in civil court. Both trash collection vendors are on a cash-only basis.

**Note:** No matters were referred for Logan and Scott Counties.



# Sixteenth Judicial District

*Cleburne, Fulton, Independence, Izard, and Stone Counties*

Judicial District Population: 101,275  
Circuit Judges: 4

Eric Hance  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Cleburne County

City of Quitman (*Audit Period: 1/1/19 - 12/31/20*):

2021 Mayor and Treasurer

On November 4, 2020, the City initiated a \$10,000 wire transfer to a bank after receiving an email request that appeared to be from the seller of a building the City was purchasing. Later that same day, the seller notified the City that the email account had been hacked, and the wire request was not from the seller. The City immediately notified local law enforcement; however, as of report date, the funds had not been recovered.

***Status per Prosecuting Attorney:*** *State and local law enforcement, with assistance from federal agencies, have tried to identify the person or persons responsible for this electronic internet theft. To date, no one has been identified. There are no suspects or persons of interest within the city government or involved with the real estate sale. It is doubtful that a criminal prosecution could ever be pursued.*

Heber Springs School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 Cash counts conducted by District personnel revealed that four deposits of concession stand receipts, made in October and November 2020, were short a total of \$835. Further investigation by the District revealed that an employee also did not receipt or submit to the District approximately \$760 in cash collected from students for athlete footwear purchases. The employee was placed on administrative leave on November 10, 2020, and resigned on November 12, 2020. The District reported these matters to the Heber Springs Police Department and the Arkansas Division of Elementary and Secondary Education.

***Status per Prosecuting Attorney:*** *The District indicated to the PA that it made arrangements for the terminated employee to repay the money to the District, although the PA does not know whether payments have been made. The District has not asked that he be prosecuted and is satisfied with his termination.*

## Matters Referred by Legislative Joint Auditing Committee

### Stone County

Stone County (Audit Period: 1/1/19 - 12/31/19):

#### 2021 Sheriff

Our review of Sheriff's Office bank accounts and selected disbursements from January 1, 2019 through June 4, 2020, revealed improper and questionable transactions totaling \$70,545 due to a general lack of oversight and internal controls within the Sheriff's Office. Many of the questionable purchases detailed below appear to be for items without a business purpose, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5. A similar finding was noted in the prior report.

- A. \$15,729 in unaccounted for equipment and gun purchases:
  - \$9,939 for guns, accessories, and ammunition reloading equipment.
  - \$5,790 for miscellaneous small equipment items (shooting equipment, 55" TV, Oakley sunglasses, body armor, fencing materials, propane cooker, small hand tools, external hard drive, cooler, storage containers, game cameras, small kitchen appliances, tool box, iPhone, and hunting gear).
- B. \$12,033 in purchases without a documented business purpose or proper authorization by the Sheriff:
  - \$4,189 for building materials, tools, wiring supplies, and boat and automotive parts.
  - \$3,776 for miscellaneous small equipment items (shooting equipment, tiki torches, Apple watch, propane heaters, shop vac, laptop computer, game cameras, gun scopes, range finders, and iPad).
  - \$2,358 for personal clothing.
  - \$1,269 for food primarily from grocery stores and miscellaneous household items.
  - \$441 for fuel.
- C. \$8,640 in unallowable and unauthorized purchases:
  - \$8,237 for gun accessories and night vision goggles paid for in February 2020, although the County did not receive the items; subsequently, in June 2020, a Sheriff's Office employee reimbursed this amount to the County and indicated the order had been cancelled.
  - \$403 for a spotting scope purchased from the Boating Safety Fund. This purchase was not authorized by the Sheriff and was not an allowable expense from this fund.
- D. \$6,144 in purchases with questionable documentation:
  - \$2,771 for ammunition supported by two invoices that did not match other invoices from the same vendor.

**Matters Referred by Legislative Joint Auditing Committee**

**Stone County (Continued)**

Stone County (Audit Period: 1/1/19 - 12/31/19): (Continued)

- \$2,000 for a training course with documentation we could not verify as valid. Additionally, an employee documented as a course participant indicated that he did not attend and was unaware of the course.
  - \$1,238 in duplicate credit card payments.
  - \$135 that appears to have been altered on an invoice.
- E. \$4,046 in undocumented disbursements for items purchased from various vendors. Although some of these purchases were from vendors normally used, without adequate documentation the business purpose could not be substantiated.
- F. \$5,700 in drug buy funds withdrawn from the Sheriff's Office Investigative Funds bank account, in April 2019 and January 2020, without proper authorization. Of this amount, \$4,750 was returned to the Sheriff's Office in cash by a Sheriff's Office employee on March 2, 2020. The remaining \$950 was unaccounted for as of report date.
- G. A \$5,000 bond refund paid to a released jail inmate from the municipal bond account on the instructions of a Sheriff's Office employee on January 31, 2020, although the inmate was not owed the refund. Sheriff's Office staff subsequently obtained documentation from the employee's County email account of a vehicle purchased by both the employee and the released jail inmate six days after bond refund, with a vehicle owned by the Sheriff's Office employee listed as trade-in on the vehicle purchased. The employee's email account also contained documentation of other payments to the inmate from the employee's personal bank accounts.

We also noted other improper and questionable transactions related to Sheriff's Office credit card usage and transactions as listed below:

- A. \$4,742 in Sheriff's Office credit card payments not paid through the claims process, as required by Ark. Code Ann. § 14-14-1102:
- \$4,597 paid from the municipal bond account on December 24, 2019. As of January 31, 2020, the municipal bond account was short \$9,907 as a result of this payment, the \$5,000 questionable bond refund noted above, and a \$310 unidentified variance. In February 2020, the account was overdrawn as a result of a \$6,318 disbursement made in error to another Sheriff's Office account that was subsequently refunded.
  - \$145 paid in cash by a Sheriff's Office employee in March 2020.
- B. \$7,733 in unpaid credit card charges:
- \$6,840 in documented charges:
    - \$3,090 for guns that were not accounted for.

Matters Referred by Legislative Joint Auditing Committee

Stone County (Continued)

Stone County (Audit Period: 1/1/19 - 12/31/19): (Continued)

- \$3,004 for apparent personal purchases made by an employee.
- \$746 in charges that appear to be valid office expenses.
- \$893 in undocumented charges:
  - \$309 payment on the Sheriff's Office fuel card.
  - \$284 in purchases at a farm and home store.
  - \$142 for fuel.
  - \$122 for lodging.
  - \$36 in purchases at a grocery store.
- C. \$778 in late fees and finance charges incurred on Sheriff's Office credit cards and charge accounts with local vendors.

County officials indicated some of the purchased items in question were returned to the County by a Sheriff's Office employee after his suspension and subsequent resignation in March 2020. These matters are currently being investigated by the Arkansas State Police.

**Status per Prosecuting Attorney:** *It is believed that the bulk of the audit findings are the responsibility of former Chief Deputy Zachary Alexander. A cashier's check for \$25,000 has been tendered to the County Judge by representatives of Alexander. It is the PA's understanding that the cashier's check is currently in the possession of the Arkansas State Police. Alexander was indicted in federal court in May 2022 on charges of bank fraud, selling a stolen firearm, and extortion. This case is pending.*

Stone County (Audit Period: 1/1/18 - 12/31/18):

2019 ALA review of selected Sheriff's Office expenses from January 1, 2018 through May 1, 2019, revealed the following deficiencies:

Questionable Business Purpose

- \$407 to a hotel for a one-night stay for an employee. The date of the stay coincided with dates of a Sheriff's conference that other employees attended; however, ALA staff were unable to determine if this employee was registered for or attended the conference.
- \$458 for hotel rooms for two employees. The date and location of the stay coincided with the date and location of the high school basketball state tournament finals. An employee informed ALA that a local school district Superintendent requested the Sheriff's Office provide security for local teams; however, ALA staff confirmed with the Superintendent that no such request was made, and the district's resource officers provided security.

Matters Referred by Legislative Joint Auditing Committee

Stone County (Continued)

Stone County (Audit Period: 1/1/18 - 12/31/18): (Continued)

Documentation Discrepancies

- An employee submitted an apparently falsified invoice totaling \$3,132 to the County Clerk to conceal the purchase of an M-24 rifle.
- An employee submitted an apparently altered invoice for payment of a \$460 hotel charge that did not agree with the invoice provided by the vendor; however, the total amount paid to the hotel was correct.

Furthermore, ALA staff noted undocumented purchases of \$134.

**Status per Prosecuting Attorney:** *Subsequent to an investigation by Arkansas State Police and the Federal Bureau of Alcohol, Tobacco, and Firearms, former Chief Deputy Zachary Alexander was indicted in federal court in May 2022 on charges of bank fraud, selling a stolen firearm, and extortion. This case is pending.*

Town of Fifty-Six (Audit Period: 1/1/17 - 12/31/19):

2021 The Town made the following donations totaling \$2,350, in apparent conflict with the “public purpose” doctrine and Ark. Const. art. 12, § 5:

- \$1,200 to a Council Member in 2019.
- \$500 and \$400 to nonprofit organizations in 2018 and 2017, respectively.
- \$250 to an individual in 2019.

**Status per Prosecuting Attorney:** *The PA has requested an investigation by the Stone County Sheriff's Office regarding the donation to the Council member. The remaining donations do not appear to be criminal and, even if criminal, are outside the applicable statute of limitations.*

**Note:** No matters were referred for Fulton, Independence, and Izard Counties.



# Seventeenth Judicial District

*Prairie and White Counties*

Judicial District Population: 85,342  
Circuit Judges: 3

Rebecca Reed McCoy  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### White County

Bald Knob District (*Audit Period: 7/1/19 - 6/30/20*):

- 2021 The District used general activity funds to purchase \$1,216 in gift cards, candy, and key chains for staff appreciation gifts. Use of beverage contract funds for these purposes appears allowable under the contract but conflicts with Ark. Const. art. 14, §§ 2-3, as interpreted in Op. Att’y Gen. no. 91-411, which supersedes the contract.

**Status per Prosecuting Attorney:** *The PA sent a letter of caution to the Superintendent; however, these purchases do not meet the elements of any criminal offense.*

City of Beebe (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 The City paid \$7,000 for a fireworks display in advance of the services being rendered, in apparent conflict with Ark. Const. art. 12, § 5; a similar finding was issued in the prior report. The fireworks display was cancelled, and the City’s payment has not been refunded.

**Status per Prosecuting Attorney:** *The PA recommended the City obtain reimbursement for the prepaid cost of the fireworks display. The expenditure does not meet the elements of any criminal offense; specifically, there does not appear to be any criminal intent.*

City of McRae (*Audit Period: 1/1/20 - 12/31/20*):

- 2021 A Dell laptop, valued at \$1,382, noted on the City’s fixed asset listing for the Police Department could not be located. The former Police Chief, whose employment was terminated in August 2019, was custodian of the laptop.

**Status per Prosecuting Attorney:** *The PA sent a letter to the Mayor regarding the unaccounted for laptop and recommended the Mayor consult the City Attorney to discuss the possibility of obtaining restitution of \$1,382 through a civil action. Being a custodian of property does not necessarily make that person criminally liable, particularly since multiple people had access to the laptop. In addition, there is no information indicating when the laptop was last observed by someone other than audit staff. There is insufficient information to file criminal charges.*

Matters Referred by Legislative Joint Auditing Committee

White County (Continued)

Town of Griffithville (Audit Period: 1/1/19 - 12/31/20):

2021 The Town made the following payments totaling \$15,273 for related party transactions:

- \$4,210 and \$5,875 paid in 2020 and 2019, respectively, to the Mayor for mowing, bushhogging, backhoe work, and miscellaneous labor.
- \$2,755 and \$1,300 paid in 2020 and 2019, respectively, to Council members and their spouses for mowing, mosquito spraying, and miscellaneous labor.
- \$361 and \$452 paid in 2020 and 2019, respectively, to businesses owned by Council members for truck repairs.
- \$320 paid in 2019 to a business owned by the Mayor for repairs.

Although the Council passed an ordinance in August 2011 allowing the Town to conduct business with the Mayor and Council members, the ordinance did not specify the extent of this authority, as required by Ark. Code Ann. § 14-42-107 as interpreted by Op. Att'y Gen no. 2008-069.

**Status per Prosecuting Attorney:** *The PA sent a letter of caution to the Mayor recommending seeking guidance to amend the 2011 ordinance so that it properly specifies the extent of the authority of the Mayor, Town employees, and Council members have to conduct business. There is not an issue of criminal conduct in this area.*

**Note:** No matters were referred for Prairie County.





# Eighteenth Judicial District-East

Garland County

Judicial District Population: 100,330  
Circuit Judges: 4

Michelle Lawrence  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Garland County

Garland County (*Audit Period: 1/1/20 - 12/31/20*):

- 2021 The County paid three jail employees a total of \$6,208 to provide security services at the County Library without an authorizing ordinance, in noncompliance with Ark. Code Ann. § 14-14-1202.

***Status per Prosecuting Attorney:*** *The PA did not receive any criminal investigation file on this matter from any law enforcement agency and concluded that the County's actions were not deemed to be criminal in nature. In addition, the PA determined that County officials appropriately addressed the issue/finding once it was presented and took immediate action to ensure the issue/finding would not arise again in the future. As such, the PA declines to pursue any prosecution regarding the matter.*



# Eighteenth Judicial District-West

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*Montgomery and Polk Counties*

Judicial District Population: 27,964  
Circuit Judges: 1

Jason Barrett  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

**Note:** No matters were referred for Montgomery or Polk Counties.



# Nineteenth Judicial District-East

Carroll County

Judicial District Population: 28,435  
Circuit Judges: 1

Tony Rogers  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Carroll County

City of Eureka Springs (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 On October 3, 2019, Parks and Recreation discovered that a bank account linked to a point-of-sale software had been altered, and funds were being diverted to another bank account, resulting in a \$6,157 loss to the City. This matter is currently under investigation by the Arkansas State Police.

**Status per Prosecuting Attorney:** *Stephanie Gulu turned herself in and has an arraignment date of December 12, 2022, in Eureka Springs.*

City of Green Forest (*Audit Period: 1/1/18 - 12/31/18*):

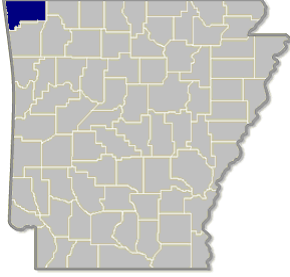
- 2020 Three unauthorized withdrawals of \$2,410, \$4,897, and \$4,924 were made from the City's bank account on November 12, November 29, and December 7, 2018, respectively. Entity personnel discovered the unauthorized withdrawals upon reconciliation of the affected bank accounts, and the funds were recovered from the bank.

**Status per Prosecuting Attorney:** *The City's bank account was hacked into by someone out of state. An arrest warrant has been issued, but the suspect has not been apprehended.*

Town of Oak Grove (*Audit Period: 1/1/17 - 12/31/19*):

- 2020 The Town conducted the following business transactions without authorizing ordinances, in noncompliance with Ark. Code Ann. § 14-42-107:
- \$12,000 paid to a Council Member in 2017 for the purchase of land.
  - \$9,488 paid to a business owned by an employee during 2019, 2018, and 2017.

**Status per Prosecuting Attorney:** *It appears that no criminal laws were broken in the case of the City purchasing property from a Council member or paying for goods and services from a business owned by a City employee. This appears to be a matter for the Arkansas Ethics Commission.*



# Nineteenth Judicial District-West

*Benton County*

Judicial District Population: 293,692  
Circuit Judges: 7

Nathan Smith  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Benton County

Benton County (*Audit Period: 1/1/19 - 12/31/19*):

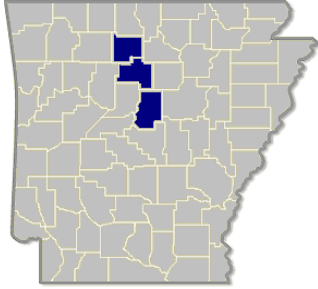
- 2021 The County investigated purchases made by the Fire Marshal from October 2018 through his resignation on March 6, 2020. The County discovered, and ALA verified, questionable purchases totaling \$1,091 on behalf of volunteer fire departments (\$933) and of personal items (\$158). Further analysis by ALA revealed \$356 in personal expenses charged to the former Fire Marshal's procurement card; this amount was subsequently reimbursed to the County .

**Status per Prosecuting Attorney:** *The PA investigated this matter, and the investigation confirmed that the former Fire Marshal spent public money in his charge on personal expenses. Before law enforcement was able to conduct an interview with the former Fire Marshal, he passed away in a vehicle accident. As a result, the case has been closed.*

City of Gravette (*Audit Period: 1/1/19 - 12/31/19*):

- 2021 The City disbursed funds totaling \$1,200 to the Greater Gravette Chamber of Commerce without a contract, in apparent conflict with the "public purpose" doctrine and Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 1992-099. A similar finding was issued in the previous two reports.

**Status per Prosecuting Attorney:** *No charges are appropriate in this matter. The PA advised the City to ensure that future practices will be in compliance.*



# Twentieth Judicial District

*Faulkner, Searcy, and Van Buren Counties*

Judicial District Population: 148,680  
Circuit Judges: 5

Carol Crews  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Faulkner County

City of Mayflower (*Audit Period: 1/1/20 - 12/31/20*):

- 2021 Two unauthorized withdrawals totaling \$3,441 were made from the City's bank account on May 22, 2020. The financial institution discovered the unauthorized withdrawals and notified the City. The Treasurer inadvertently authorized one withdrawal of \$1,884, and the bank refunded the other withdrawal of \$1,553. City personnel are currently working with the financial institution to recover the remaining \$1,884.

**Status per Prosecuting Attorney:** *The PA found no criminal intent on behalf of the City.*

City of Vilonia (*Audit Period: 1/1/17 - 12/31/17*):

- 2018 Mayor and Recorder/Treasurer

According to City personnel, questionable credit card charges (\$1,206) made in September and October 2016 and related interest (\$54) were noted on a credit card in the custody of the Park Director. While this employee stated he was not responsible for these charges, the City did not substantiate this statement and paid the credit card company \$1,206 on January 26, 2017. Based on ALA's internet search, the phone number associated with this vendor is considered a suspicious, unsafe number.

**Status per Prosecuting Attorney:** *The PA requested an investigation by the Faulkner County Sheriff's Office and has yet to receive an investigative file.*

University of Central Arkansas (*Audit Period: 7/1/19 - 6/30/20*):

- 2021 An employee reported 261 hours of compensatory time that Internal Audit determined were inflated, resulting in over accrual of salary payments totaling \$2,936 from March 2 through July 15, 2020. This individual's employment was terminated on November 4, 2020. As partial reimbursement to the University, 202 hours of accrued compensatory time, annual leave, holiday pay, and hours worked were deducted from the former employee's final paycheck. The University reached an agreement with the former employee for the remaining 59 hours, totaling \$664, which is to be repaid over a 12-month period.

**Status per Prosecuting Attorney:** *The PA declined to pursue criminal charges.*

Matters Referred by Legislative Joint Auditing Committee

Van Buren County

City of Fairfield Bay (Audit Period: 1/1/19 - 12/31/19):

- 2021 The City refunded \$8,445 of Advertising and Promotion taxes paid by a private entity without a contract, in apparent conflict with Ark. Const. art. 12, § 5, as interpreted by Op. Att'y Gen. no. 2013-136. Per City officials, the refund is equal to what the entity spent on advertising expenses; however, the advertising appears to be specifically for the entity itself rather than the City in general.

**Status per Prosecuting Attorney:** *The PA found no criminal intent or evidence of personal gain or enrichment for anyone involved in the transaction. A letter of caution was sent to the Mayor.*

Van Buren County (Audit Period: 1/1/19 - 12/31/19):

- 2021 County Judge and County Clerk

A building owned by the County, and operated as a nursing home per a lease agreement with a private nonprofit corporation, incurred flood damage in 2018. This lease agreement states that routine repairs and maintenance as well as damage to or destruction of the property are the responsibility of the private corporation. County hospital millage funds may be used for maintenance and improvements if approved by the County. The private corporation contracted with a company owned by a member of its Board of Directors to act as a construction manager for building repairs. A business owned by a member of the County Hospital Board of Governors was then hired by this company as a subcontractor to perform a substantial amount of the work. Subsequently, the private corporation's insurance company denied a claim for repairs performed by this company, and according to the County Judge, the company invoiced construction costs totaling \$317,090 directly to the County, at the request of the private corporation's Board member.

ALA questions the County's responsibility for these expenses and noted the following issues regarding the payments made by the County:

- The County paid \$155,851 in 2019 and \$99,150 in 2020 of the amount invoiced above for the hospital building repairs.
  - Amounts were paid without a contract or bid documentation, in noncompliance with Ark. Code Ann. § 14-14-1102, which requires the County Judge to verify that state purchasing and other laws are complied with and the payment has been incurred in a lawful manner and is owed by the County. Furthermore, the remaining invoice balance of \$62,089 was paid by the private corporation in 2020 because the County did not have sufficient funds available for payment.
  - Amounts paid in 2019 and 2020 were for work performed by a company owned by a member of the County Hospital Board of Governors without an authorizing ordinance, as required by Ark. Code Ann. § 14-14-1202. A similar finding was issued in the previous report.

**Status per Prosecuting Attorney:** *Finding no criminal intent, the PA will take no further action on this matter.*

Matters Referred by Legislative Joint Auditing Committee

Van Buren County (Continued)

Van Buren County (Audit Period: 1/1/19 - 12/31/19): (Continued)

The County paid \$6,206 to the spouse of an employee for maintenance services without authorizing ordinances, as required by Ark. Code Ann. § 14-14-1202. A similar finding was issued in the previous report.

**Status per Prosecuting Attorney:** *No criminal intent was found. However, upon learning of this finding during the audit period, the County adopted an ordinance to correct this mistake. That ordinance was adopted after the charges had been incurred and the work had been done. The County has looked through all vendors to make sure there is no conflict with any other employees.*

County Sheriff

Our review of selected Commissary account receipts issued during 2019 revealed \$2,626 in unaccounted for funds. Based on available records, we were unable to determine if these funds were not deposited or were not properly voided.

**Status per Prosecuting Attorney:** *Upon learning of the problems with the commissary account, a corrective ordinance was passed on October 16, 2020, which established a new commissary fund to be handled by the County Treasurer and closed the account handled by the Sheriff's Office. No criminal intent was found, and no further action will be taken.*

**Note:** No matters were referred for Searcy County.



# Twenty-first Judicial District

Crawford County

Judicial District Population: 60,378  
Circuit Judges: 3

Rinda Baker  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Crawford County

City of Alma (Audit Period: 1/1/19 - 12/31/19):

2021 Our review disclosed \$1,962 in improper charges on the City's two credit card accounts, for which eight cards were issued to various employees:

- \$1,347 in undocumented fuel purchases.
- \$400 in purchases without an adequately documented business purpose.
- \$215 in undocumented purchases.

In addition, we noted \$1,626 in personal purchases by the Mayor (\$1,567) and a street employee (\$59), in apparent conflict with Ark. Const. art. 12, § 5, which states, in part, "No county, city, town or other municipal corporation shall...loan its credit to any...individual." These purchases were either returned for full credit or paid for with a personal check to the credit card company.

**Status per Prosecuting Attorney:** *Finding no criminal intent, the PA will take no further action.*

Twenty-first Judicial District (Audit Period: 1/1/20 - 12/31/20):

2021 The Office had 13 and 14 vehicles for use by law enforcement agencies within the Drug Task Force (DTF), as well as by the Prosecutor and Deputy Prosecutors, during 2019 and 2020, respectively. Although the DTF had a vehicle policy, it did not require usage logs to corroborate a business purpose for vehicle use.

In addition, during 2019 and 2020, 11 credit cards were assigned to Office employees as follows: one to the Prosecutor, eight to Deputy Prosecutors, and two to members of the 12th/21st Judicial District DTF. Our review of credit card statements indicated inadequately documented charges totaling \$7,378, \$2,291, and \$920 for 2019, 2020, and the first two months of 2021, respectively. These charges totaling \$10,589 are listed below:



**Matters Referred by Legislative Joint Auditing Committee**

**Crawford County (Continued)**

Twenty-first Judicial District (*Audit Period: 1/1/20 - 12/31/20*): (Continued)

- \$3,659 charged at hotels.
- \$3,304 for purchases at gas stations.
- \$1,381 charged at vehicle rental vendors.
- \$1,215 charged at miscellaneous vendors.
- \$673 charged at restaurants.
- \$347 for nonbusiness items that were subsequently reimbursed by the card user.
- \$10 for a gift card.

***Status per Attorney General: Under review.***



# Twenty-second Judicial District

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*Saline County*

Judicial District Population: 125,233  
Circuit Judges: 4

Chris Walton  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

**Note:** No matters were referred for Saline County.



# Twenty-third Judicial District

Lonoke County

Judicial District Population: 74,712  
Circuit Judges: 3

Chuck Graham  
Prosecuting Attorney

## Matters Referred by Legislative Joint Auditing Committee

### Lonoke County

Cabot School District (*Audit Period: 7/1/19 - 6/30/20*):

2021 The District discovered unauthorized fuel purchases totaling \$54,995 by an employee and her family using District fuel cards during the period January 1, 2016 through September 25, 2020. Subsequent to an investigation by the Cabot Police Department, Transportation employee Jannice Ellis was charged with felony theft of property in October 2020, and her employment was terminated on November 17, 2020. In addition, neither ALA nor the District could verify a business purpose for \$658 in diesel fuel purchases.

**Status per Prosecuting Attorney:** *Jannice Ellis entered a negotiated plea of guilty to misdemeanor theft of property on June 28, 2022; was sentenced to 12 months probation; and was ordered to pay \$485 in court costs, fines, and fees. Ellis also forfeited her leave time, which would have required the school to pay her roughly \$17,000.*

Bond Trust Fund reimbursed losses totaling \$36,280.

City of Carlisle (*Audit Period: 1/1/19 - 12/31/19*):

2021 Mayor and Clerk/Treasurer

The City overpaid a trash collection vendor \$30,863 and is reducing the rate paid to the vendor from \$9.10 to \$8.00 per household for 41 months to recoup the overpayment, in apparent conflict with Ark. Const. art. 12, § 5, which states, in part, “No...city...shall...loan its credit to...any corporation, association, institution, or individual.”

Clerk/Treasurer

During our review of payroll, we noted the following:

- The City made payments totaling \$11,714 in excess of authorized salary, in noncompliance with Ark. Code Ann. § 14-58-203:
  - \$6,500 to an Administrative Assistant
  - \$5,214 to the Clerk/Treasurer/Payroll Preparer.
- The City paid for health insurance for employees and did not report the payments on their Internal Revenue Service W-2 Forms.

**Status per Prosecuting Attorney:** *These matters are under review.*

Matters Referred by Legislative Joint Auditing Committee

Lonoke County (Continued)

City of Carlisle (Audit Period: 1/1/18 - 12/31/18):

- 2020 Receipts exceeded deposits by \$3,352 (\$2,288 in undeposited cash and \$1,064 in undeposited checks) during the period September 11, 2018 through January 27, 2020. The Clerk/Treasurer was custodian of these undeposited funds.

**Status per Prosecuting Attorney:** Subsequent to an investigation by Arkansas State Police, Clerk/Treasurer Angelia James was charged with felony theft of property. A jury trial is scheduled for December 2022.

City of Carlisle (Audit Period: 1/1/17 - 12/31/17):

- 2019 Receipts totaling \$34,794 were not deposited into City bank accounts, including the Water Department, during the period January 1, 2017 through September 10, 2018. Of this amount, the Clerk/Treasurer was custodian of \$33,917, and the Water Clerk, who resigned from employment on September 7, 2018, was custodian of \$877. To explain the discrepancy, the Clerk/Treasurer indicated that certain funds had been incorrectly deposited into Water Department accounts; however, ALA staff found only one receipt that was “incorrectly” deposited into the Water Department.

**Status per Prosecuting Attorney:** Subsequent to an investigation by Arkansas State Police, Clerk/Treasurer Angelia James was charged with felony theft of property. A jury trial is scheduled for December 2022.

City of England (Audit Period: 1/1/20 - 12/31/20):

- 2021 The City paid funds totaling \$720 for City employees to attend the England Chamber of Commerce banquet, in apparent conflict with the “public purpose” doctrine and Ark. Const. art. 12, § 5, as interpreted by the Attorney General in Op. Att’y Gen. nos. 91-410 and 92-099.

**Status per Prosecuting Attorney:** The PA does not believe this is a violation of criminal law. Moreover, the Mayor is aware of the conflict and has not used funds in this manner since the 2021 audit.

Town of Allport (Audit Period: 1/1/19 - 12/31/19):

- 2021 The Town paid a Council member \$3,440 to cut grass and pick up trash along Town roads and ditches. Although the Council approved a contract for the services and passed an ordinance authorizing officials to work for the Town with an approved contract, the ordinance did not prescribe the extent of this authority, in conflict with Ark. Code Ann. § 14-42-107. A similar finding was noted in the prior report.

**Status per Prosecuting Attorney:** Although this is a violation of Arkansas Code, the PA does not believe criminal charges are appropriate.

## **APPENDICES**

**Appendix A** – Arkansas Code Annotated § 10-4-419 – Report of Improper Practices

**Appendix B** – Memorandum of Understanding

**Arkansas Code Annotated § 10-4-419  
Reporting of Improper Practices**

**10-4-419. Report of improper or illegal practices.**

(a) (1) If an audit report presented to the Legislative Joint Auditing Committee or the appropriate standing subcommittee of the Legislative Joint Auditing Committee reflects evidence of improper practices of financial administration or inadequacy of fiscal records, the Legislative Auditor shall report the evidence to the appropriate executive official or officials affected thereby and to the governing body of the entity of the state or political subdivision of the state.

(2) If the findings relate to an entity of the state, the Legislative Auditor shall also report the findings to the Chief Fiscal Officer of the State.

(3) If the findings relate to a prosecuting attorney's office, the Legislative Auditor shall also report the findings to the Attorney General for review and appropriate action.

(b) (1) If an audit report presented to the Legislative Joint Auditing Committee or the appropriate standing subcommittee of the Legislative Joint Auditing Committee reflects evidence of apparent unauthorized disbursements or unaccounted-for funds or property by a public official or employee, the Legislative Auditor shall promptly report the transactions in writing to the prosecuting attorney for the county in which the entity of the state or the political subdivision of the state is located, the Governor, the appropriate executive official or officials affected thereby, and the governing body of the entity of the state or political subdivision of the state.

(2) If the findings relate to an entity of the state, the Legislative Auditor shall also report the findings to the Chief Fiscal Officer of the State.

(3) If the findings relate to a prosecuting attorney's office, the Legislative Auditor shall also report the same to the Attorney General for review and appropriate action.

(c) (1) The Legislative Auditor shall notify and cooperate with the appropriate prosecuting attorney on all matters that appear to involve a criminal offense.

(2) Upon request and with the approval of the cochairs of the Legislative Joint Auditing Committee, the Legislative Auditor shall cooperate in any other investigations by the appropriate prosecuting attorney, the Department of Arkansas State Police, or any other state or federal law enforcement agency.

(d) (1) While the Legislative Joint Auditing Committee is not established as an agency to effect through its own direct action the correction of improper practices of financial administration or the inadequacy of fiscal records, the prosecution of defaulting public officials, or the improvement of accounting systems in any entity of the state or political subdivision of the state, it is nevertheless determined that the action or nonaction on the part of the appropriate public officials in respect to the correction of the matters when called to their attention or in respect to the institution of criminal proceedings where proper, has pertinent bearing upon the question of the necessity for future remedial legislation.

(2) It is for this reason that the Legislative Joint Auditing Committee is authorized to inform public officials to the extent provided by law of the findings of the Legislative Auditor in respect to any such matters.

(e) (1) If the Legislative Joint Auditing Committee determines that an entity of the state or a political subdivision of the state has not corrected the deficiencies noted in one (1) or more previous reports, the Legislative Joint Auditing Committee may request the prosecuting attorney of the judicial district in which the entity of the state or the political subdivision of the state is located to take appropriate action to

assure that the records of the entity of the state or the political subdivision of the state are maintained in accordance with law.

**(2)** If the prosecuting attorney fails or refuses to take appropriate action within a reasonable time after receipt of notice from the Legislative Joint Auditing Committee that an entity of the state or a political subdivision of the state is not maintaining its records in substantial compliance with law, the Legislative Joint Auditing Committee may request the Attorney General to take such appropriate action as may be necessary to assure that the records of the entity of the state or political subdivision of the state are maintained in compliance with law.

**(f) (1)** By June 30 of each year, the Attorney General and each prosecuting attorney to whom the Legislative Joint Auditing Committee or the Legislative Auditor has reported a matter under this section shall file with the Legislative Joint Auditing Committee a disposition report on the status of the matters that have not been previously reported as resolved to the Legislative Joint Auditing Committee.

**(2)** A disposition report shall address all matters that have not been previously reported as resolved under subdivision (f)(1) of this section prior to and during the preceding calendar year.

**(3)** A disposition report shall include without limitation:

**(A)** The date the matter was reported to the Attorney General or the prosecuting attorney;

**(B)** The amount of loss or funds unaccounted for in connection with the matter;

**(C)** The status or disposition of the matter; and

**(D)** Other comments pertinent to the investigation or disposition of the matter.

HISTORY: Acts 2005, No. 2201, § 7; 2009, No. 446, § 1; 2015, No. 554, § 20.

**MEMORANDUM OF UNDERSTANDING**

**WHEREAS**, crime of all types is one of the primary problems in our state, and,

**WHEREAS**, violent crimes involving murders, child rapes, domestic abuse and drug labs, sales and the damage that flows therefrom plague our society, there also exists a class of crimes known as “white collar crimes” which undercut the framework of our way of life to a much greater degree than is commonly recognized; and,

**WHEREAS**, there are three organizations who must work together in order to successfully identify, stop and punish those who would use their positions of public trust to commit theft: the Division of Legislative Audit, the Arkansas State Police and attendant assisting law enforcement agencies, and the Prosecuting Attorneys of the State of Arkansas; and,

**WHEREAS**, heretofore these agencies have interacted on a case by case basis and enjoyed certain successes evidenced by the tens, if not hundreds of thousands of dollars assessed and recovered, in spite of the fact that this interaction has not been formalized, neither has any form of document setting forth general, flexible terms of cooperation providing a basis for reasonable expectations as to how these agencies will deal with those situations previously existed; and,

**WHEREAS**, the Legislative Joint Auditing Committee at its June 9, 2006, meeting correctly identified the need for such an agreement, or Memorandum of Understanding, such as this document, which shall hereinafter be referred to as the “MOU”, representatives of the Division of Legislative Audit and the Prosecution Coordination Commission met, discussed the obvious, threshold issues facing such an agreement, involved the Arkansas State Police and have generated this document which addresses the following considerations which commonly present themselves in the function of an audit and set forth the guidelines to which the signatory agencies will adhere, with the stated understanding that the spirit of this document will control, the recognition that all situations cannot be anticipated, but with the hope that this first written MOU between the three involved agencies will streamline the audit, investigation and prosecution of fraud and theft in the public sector, clarify the appropriate areas of responsibility and provide a basis for cooperation from which the taxpayers, with whose money we deal, will benefit.




**MEMORANDUM OF UNDERSTANDING**

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**To wit**, the following situations are identified as triggering events which will require the Division of Legislative Audit to notify the relevant Elected Prosecutor of suspected criminal activity in order to allow him or her to exercise their Constitutionally conferred discretion and authority:

1. Where the amount of money misappropriated exceeds \$2,500;
2. Where the amount of money misappropriated is in excess of \$500 and there is a probability of continuing loss;
3. Where the possibility of physical harm, witness tampering or the probability of evidence tampering exists; or
4. Whenever an interview wherein an admission or confession to criminal activity is reasonably anticipated (i.e. "an admission seeking interview").

**IT IS SO AGREED** that this Memorandum of Understanding shall provide a flexible, evolving basis for the manner in which the Division of Legislative Audit, in the performance of its inquiries into the accounting functions of the agencies for which they are responsible, the manner in which the Prosecuting Attorneys shall respond to indications of theft and make their determination as to whether and what law enforcement agencies will become involved in order to develop a prosecutable case, should same be possible, and determine the manner with which it should be dealt, consistent with the goals and ideals set forth in this document, setting forth clear areas of responsibility, authority and communication.

  
\_\_\_\_\_  
David Gibbons  
Chairman, Prosecution  
Coordination Commission

10 July 06  
Date

  
\_\_\_\_\_  
Col. Steve Dozier  
Director, Arkansas State Police

07/12/06  
Date

  
\_\_\_\_\_  
Charles Robinson  
Legislative Auditor  
Division of Legislative Audit

7/7/06  
Date

