LEADING WITH INTEGRITY

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“These new regulations will fundamentally change the way we get around them.”
What we do:

- Audit Tennessee State and Local government entities.
- Investigate fraud, waste, and abuse in governments or agencies receiving public money.
To make government work better.
What we *typically* see…

- Lack of qualified staff
- Lack of management oversight
- Lack of internal controls
- “I trust my people.”
What we know...

- If you don’t put the appropriate controls in place, it’s not a matter of “if” something will happen...but “when.”
- It happens regardless of the size of your organization.
- Once you lose the public’s trust, it’s difficult to get it back.
The Most Important Internal Control Begins with the Leader.

The Tone at the Top
- The Leader Sets the Tone
- Leading By Example
Make expectations of employees clear.
Hold employees accountable.
Theft of any amount or “fudging” on time is never allowed or tolerated regardless of who the employee is.
Hire qualified, experienced employees.

Find ways to improve employee morale.

Let employees know it’s a TEAM effort.

Be approachable – create an environment where employees feel comfortable coming to you at any time to voice concerns.
“The day soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help or concluded you do not care. Either case is a failure of leadership.”

-Colin Powell
There are many, many more...

- Keep cash on hand to a minimum
- Look for delays in deposits (should be made daily if possible)
- Security Cameras
- Require two signatures on checks
- Separate duties (have an employee outside the approval process review invoices)
Board Governance
Fiduciary Duties

- **Care**
  - Acting in a manner that one reasonably believes to be in the best interests of the organization.

- **Loyalty**
  - Acting in good faith. Not acting for your own self-interests or the interests of another person or group.

- **Obedience**
  - Operating in compliance with laws, rules, and regulations
Providing Oversight and Supervision

- Ensure transactions serve a public purpose
- Ensure transactions benefit your respective agency
- Require strict adherence to sound business and accounting practices
A fiduciary is someone who has responsibilities in connection with the administration, monitoring and distribution of property and assets.

A fiduciary also guards an organization’s reputation and role in the community.
Case Study

Living the Dream Project
Living the Dream

Residential Wing
LIVING THE DREAM HOME
LIVING THE DREAM HOME
Wendy Askins

- Resigned in 2012
- Pleaded guilty to embezzling funds
- Served 18 months in federal prison
- Released last month
Conclusions

- Many transactions did not appear to serve a public or governmental purpose.
  - Executive and deputy director had essentially unfettered control of resources.

- Board of Directors failed to uphold its duty to follow sound business/accounting practices and ensure all disbursements were appropriate.

- Askins and the Board did not act in the best interests of the district and its goals.
A few reminders...

- Tone at the Top. It starts with you.
- Internal Controls.
- Board Involvement and Oversight.
- Fiduciary Responsibility
THANK YOU

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