



COMPTROLLER'S INVESTIGATIVE REPORT

Jackson-Madison County Regional Health Department

May 1, 2019

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

May 1, 2019

Regional Director Kim Tedford
Jackson-Madison County Regional Health Department
804 North Parkway
Jackson, TN 38305
and
Mayor Jimmy Harris
100 East Main Street
Room 302
Jackson, TN 38301
and
Madison County Commissioners
1981 Hollywood Drive
Suite 200
Jackson, TN 38305

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Jackson-Madison County Regional Health Department, and the results are presented herein.

Copies of this report are being forwarded to Governor Bill Lee, the State Attorney General, the District Attorney General of the 26th Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", is written over a light gray rectangular background.

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

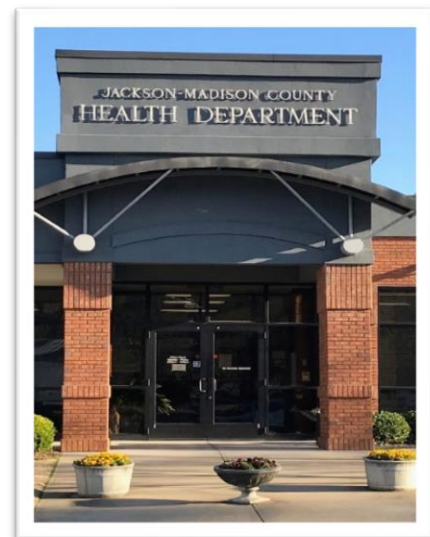
Jackson-Madison County Regional Health Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Jackson-Madison County Regional Health Department. The Comptroller's Office initiated the investigation after officials with the Jackson-Madison County Regional Health Department reported questionable inventory return transactions made by a program director. The results of the investigation were communicated with the Office of the District Attorney General of the 26th Judicial District.

BACKGROUND

Jackson-Madison County Regional Health Department (JMCRHD) is a governmental entity with the mission of "Working Toward A Healthy Community." Located in Jackson, Tennessee, JMCRHD provides preventive services, health education, and information to ensure a safe environment, reduce disease, and promote a healthy lifestyle. Services are provided on a sliding scale based on the citizen's level of income. Funding for JMCRHD is provided through various grants allowing them to serve the citizens of Madison County.

Oversight for JMCRHD is provided by the Madison County Commission and a Board of Health made up of community members and various medical professionals.



RESULTS OF INVESTIGATION

- **A PROGRAM DIRECTOR RETURNED PURCHASED ITEMS FOR PERSONAL GAIN TOTALING \$1,332.84**

During the period July 1, 2014, through October 1, 2018, Jackson-Madison County Regional Health Department Program Director Rachel Thomas improperly returned various items purchased for the TennCare Kids program. As program director, Thomas was responsible for purchasing materials that would benefit children of the community and handled all purchases and all vendor receipts associated with the program. This allowed her to create an eReceipt after the purchase that she would later use to return the purchased items for cash (\$903.61) or gift cards (\$429.23) instead of remitting the refunds back to the program.

Thomas completed 33 return transactions, which resulted in her receiving \$1,332.84 that she kept for personal gain. After being questioned by JMCRHD officials about the returns, Thomas returned \$149.09, which left an outstanding balance of \$1,183.75 owed to JMCRHD from the return transactions. On September 10, 2018, Thomas' employment with the JMCRHD was terminated by the director of the department.

On April 9, 2019, Thomas admitted to investigators that she returned items purchased with funds for the TennCare Kids program without JMCRHD permission, and she did receive personal gain from some of these refund transactions. Thomas stated that she is willing to pay back the money she received from the returns.

On April 29, 2019, the Madison County Grand Jury indicted Rachel Thomas on one count of Theft over \$1,000 and one count of Official Misconduct.

[Jackson-Madison County Regional Health Department Investigative Exhibit](#)

INTERNAL CONTROL DEFICIENCY

Our investigation revealed a deficiency in internal controls, which contributed to Thomas' ability to perpetrate her misappropriation without prompt detection. The deficiency is described below:

Deficiency 1: The Jackson-Madison County Regional Health Department does not have an inventory policy.

The Jackson-Madison County Regional Health Department does not have an inventory policy to account for items purchased by the program. The program director handled all purchasing and disposition of program items. Thomas was not required to document how purchased items were disposed of in the program. This lack of accountability facilitated the improper purchase of the items returned by Thomas for personal gain.

JMCRHD management has indicated they have corrected or intend to correct this deficiency.