



COMPTROLLER'S INVESTIGATIVE REPORT

Wood Presbyterian Home, Inc.

January 21, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

January 21, 2020

Wood Presbyterian Home
Executive Director and Board of Directors
520 Old Highway 68
Sweetwater, TN 37874

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Wood Presbyterian Home, Inc., 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 10th 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 that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

WOOD PRESBYTERIAN HOME, INC.

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Wood Presbyterian Home, Inc. The Comptroller's Office initiated the investigation after entity officials reported a suspected misappropriation. The results of the investigation were communicated with the Office of the District Attorney General of the 10th Judicial District.

BACKGROUND

Wood Presbyterian Home, Inc. (Wood) is an 89-bed assisted living facility located in Sweetwater, Tennessee. This facility contracts with a medical director, doctors, and other providers, and has a full-time nursing staff to provide 24-hour care to residents. Wood also provides social services and food services for residents. The facility is a non-profit entity and is funded by Medicare, Medicaid (TennCare), private insurance, and personal payments. Wood employs a Controller, who is responsible for accounting records and financial reporting.



RESULTS OF INVESTIGATION

- **WOOD CONTROLLER MIRIAM RENEE WELLS MISAPPROPRIATED AT LEAST \$118,768**

During the period March 1, 2014 through May 31, 2018, while serving as Wood Controller, Mariam Renee Wells misappropriated Wood funds totaling at least \$118,768. Wells perpetrated her scheme by diverting cash receipts for her personal benefit without Wood officials' knowledge and consent. [Refer to Exhibit 1.] As Controller, Wells was responsible for preparing and delivering cash deposits to the bank as well as for reconciling the bank statements with accounting records and was thus able to avoid detection for over four years.

Exhibit 1

DAILY CASH RECEIPTS RECORD - Operating Account

Facility Name: Wood Village DEPOSIT DATE: 2/2/2018

Resident's Name	Check #	Misc	Private	Insurance	Other
	7331	\$ 20.00			
	451673			\$ 2,052.84	
	68603330		\$ 1,540.70		
	7020		\$ 150.00		
	1703		\$ 5890.00		
	4052		\$ 2,035.00		
	6315		\$ 340.79		
	3084		\$ 4,678.00		
	930585804			\$ 29.76	
	cash		\$ 1,090.70		
	6085		\$ 2,350.00		
	84392	\$ 633.00			

CASH RECEIPT Date: 2.1.18 005363

Received From: [Redacted]

Address: [Redacted]

For: Dollars \$ 1090.70

ACCOUNT		HOW PAID	
AMT OF ACCOUNT		CASH	1090.70
AMT PAID	1090.70	CHECK	
BALANCE TO-D		OTHER (CHECK FROM OTHER)	

By: [Redacted]

Total Deposits:	\$ 653.00	\$ 25,467.19	\$ 20,448.28	\$ -
	\$ 46,168.47			
No of Checks:		17		
Electronic Checks:	\$	45,077.77		
Manual Checks:				
Cash:		\$ 1,090.70		
Total Deposit:	\$	46,168.47		

This prenumbered receipt and collection report shows a cash collection that other staff receipted and turned over to Wells. Wells did not deposit the cash and, instead, diverted and retained it for her personal benefit. In fact, Wells did not deposit any cash into the Wood bank account in February 2018.

In May 2018, Wells became concerned that Wood officials were about to discover the misappropriation and informed the Executive Director that she had embezzled at least \$20,000 from Wood. During that same meeting, Wells tendered a \$20,000 personal check and resigned from her position effective May 31, 2018. Wells later admitted to investigators that she had diverted cash collections for her personal use and further admitted that the Comptroller's calculation of \$118,768 in misappropriated cash was "probably correct". Wells also admitted that she made false entries in Wood's financial records to effectively conceal her scheme from management. Further, Wells said that she cared deeply for the organization and wanted to repay the funds she had taken.

On January 13, 2020, the Monroe County Grand Jury indicted Mariam Renee Wells on one count of Theft over \$60,000.

[Wood Presbyterian Home, Inc. Investigation Exhibit](#)

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls which enabled the Controller to misappropriate funds without prompt detection:

Deficiency 1: Wood officials failed to separate financial duties adequately

Officials failed to adequately separate financial duties among the employees in the accounting office. The employee responsible for maintaining accounting records was also involved in preparing cash bank deposits, transporting the cash deposits to the bank, entering adjustments to the accounts, and preparing bank reconciliations. This lack of separation of duties increased the risk that errors or unauthorized transactions would not be detected in a timely manner.

Deficiency 2: Wood officials did not reconcile daily cash receipts with bank deposits

Officials failed to ensure that daily cash receipts were reconciled with bank deposits. A reconciliation of collected cash and deposited cash by someone not responsible for either of those functions would identify errors and irregularities in the collection and deposit process.

Deficiency 3: Officials failed to review accounting adjustments to ensure adequate documentation

Officials failed to review and to ensure that the Controller prepared and retained adequate documentation for accounting entries that decreased or eliminated amounts owed to Wood for services rendered. As noted, the Controller stated she concealed her misappropriation by making unauthorized and improper adjustments to accounts. Adequately documenting these transactions would allow officials to verify that write offs and adjustments were proper and appropriate.

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