



COMPTROLLER'S INVESTIGATIVE REPORT

Hawkins County Emergency Response Team

December 13, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

December 13, 2021

Hawkins County Emergency Response Team Board
PO Box 69
Rogersville, TN 37857-0069

Hawkins County Emergency Response Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Hawkins County Emergency Response Team, 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 3rd Judicial District, certain state legislators, and various other interested parties. A copy of the report is available for public inspection in our Office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in blue ink that reads "Jason E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Hawkins County Emergency Response Team

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Hawkins County Emergency Response Team. The investigation was limited to selected records for the period from January 1, 2017, through January 26, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 3rd Judicial District.

BACKGROUND



The Hawkins County Emergency Response Team (HCERT) was officially founded in 2001 and provides technician-level response within Hawkins County for hazardous materials and other emergencies. It is a nonprofit corporation funded by a combination of donations and contributions, primarily from Hawkins County government and individual residents. HCERT is governed by a three-member board. The board and active members appoint the chief who serves as acting president.

Beginning in 2003, Michael Thacker was elected to various HCERT leadership roles including chief and assistant chief. Since at least 2007, Thacker unofficially served as the treasurer of HCERT and signed checks, kept the debit card, paid most bills, received bank statements, and managed collections.

RESULTS OF INVESTIGATION

- **MICHAEL THACKER MISAPPROPRIATED HCERT FUNDS TOTALING AT LEAST \$7,076.50**

Michael Thacker misappropriated HCERT funds from January 1, 2017, through January 26, 2021, totaling at least \$7,076.50. This misappropriation included unauthorized ATM cash

withdrawals, personal fuel purchases, cash back from purchases, jewelry purchased for a family member, and a HCERT check transacted by Thacker for his personal benefit. The following table summarizes Thacker’s total misappropriation by method and calendar year:

Summary of Misappropriation					
Misappropriation Method	2017	2018	2019	2020	Total
ATM Cash Withdrawals	\$ 800.00	\$ 2,684.00	\$ 1,147.50	\$ 200.00	\$ 4,831.50
Personal Fuel Purchases	222.00	1,054.00	277.00	-	1,553.00
Cash Back From Purchases	-	180.00	-	-	180.00
Personal Jewelry Purchase	212.00				212.00
HCERT Check	-	-	-	300.00	300.00
Total	\$ 1,234.00	\$ 3,918.00	\$ 1,424.50	\$ 500.00	\$ 7,076.50

The following details each method of misappropriation:

A. ATM Cash Withdrawals

Investigators identified 33 unauthorized ATM cash withdrawals totaling \$4,831.50 which Thacker acknowledged were for his personal benefit.

B. Personal Fuel Purchases

Investigators identified 43 unauthorized fuel purchases totaling \$1,553 which Thacker acknowledged were for his personal benefit.

C. Cash Back from Purchases

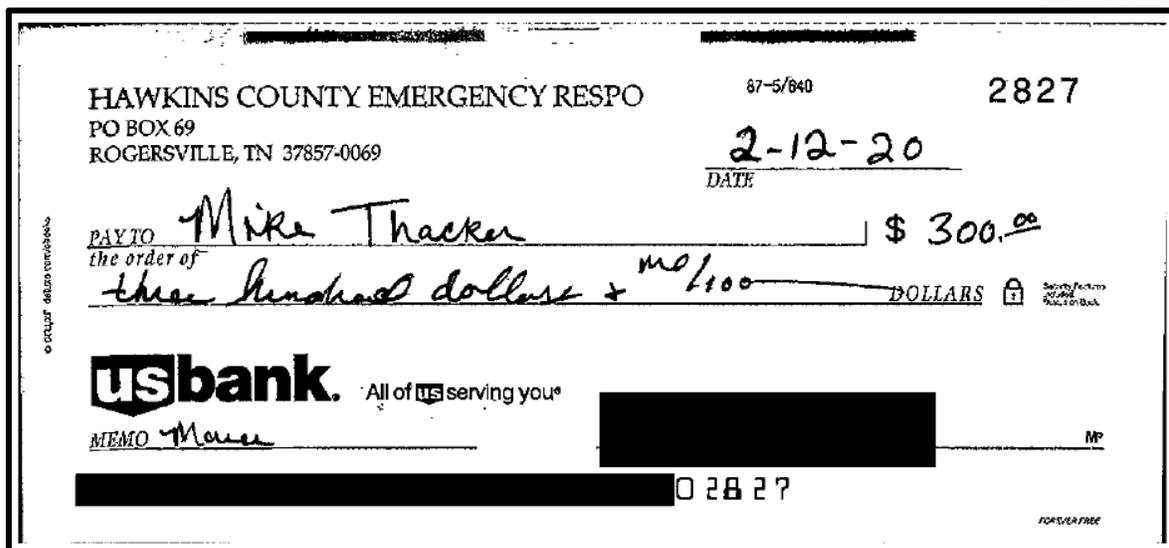
Investigators identified 6 purchases that included unauthorized cash back to Thacker totaling \$180. Thacker acknowledged the cash was for his personal benefit.

D. Personal Jewelry Purchase

Investigators identified one jewelry store purchase totaling \$212 which Thacker acknowledged was the purchase of a ring for the personal benefit of a family member.

E. HCERT Check

Thacker told investigators he wrote a \$300 HCERT check to himself for the purchase of a lawn mower, but the transaction was not legitimate, and no lawn mower was purchased. In addition, Thacker signed another check signer’s name on the check without their knowledge or consent (**Refer to Exhibit 1**).



Thacker told investigators he wrote this \$300 HCERT check to himself for the purchase of a lawn mower, but the lawn mower did not exist. Thacker signed the name of another check signer on this check without their knowledge or consent.

Thacker told investigators that he used HCERT funds for his personal benefit due to personal and financial issues, and he left the HCERT board in August 2021.

On December 10, 2021, Michael William Thacker pled guilty in the Criminal Court of Hawkins County to a criminal information charging him with one (1) count of Class D Felony Theft of Property valued between \$2,500 - \$9,999, one (1) count of Fraudulent Use of a Debit Card, and one (1) count of Forgery. As a condition of his sentence, Thacker was also ordered by the Court to pay restitution to the Hawkins County Emergency Response Team.

[Hawkins County Emergency Response Team Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

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

Deficiency 1: The HCERT board did not maintain supporting documentation for many disbursements

The HCERT board did not require or retain adequate supporting documentation for many disbursements and other bank withdrawals. Requiring documentation, such as invoices or receipts, allows board members to verify that the payment is proper and reasonable. Investigators found no supporting documentation (e.g., receipts or invoices) for 441 of 570 check disbursements examined. In addition, HCERT officials could not provide supporting documentation for the use of \$450 from cash withdrawals other than those Thacker admitted using for his personal benefit. Thacker stated this \$450 cash was used for HCERT purposes; however, due to a lack of supporting documentation, investigators could not determine if these funds were properly used or redeposited into the HCERT bank account.

Deficiency 2: The HCERT board did not establish adequate controls over fuel

The HCERT board did not establish adequate controls over fuel including developing and adopting a fuel use policy, consistently using fuel logs in vehicles, and using board approved expense reimbursement forms. The lack of adequate controls over fuel increases the risk of fuel theft. A fuel use policy establishes controls over fuel and appropriate fuel use. Fuel logs should be maintained for all HCERT vehicles authorized for fuel purchases and should document the time, amount, and purpose of each purchase. Members who use their personal vehicles for HCERT business should be reimbursed by check. Fuel reimbursement forms should be used to document the purpose of all fuel reimbursement payments to HCERT members.

Deficiency 3: The HCERT board did not adequately segregate duties among board members

The HCERT board did not adequately segregate duties among its board members. The board members responsible for maintaining records were also involved in collecting, depositing, and/or disbursing funds. Sound business practices dictate that the board is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and the effectiveness and efficiency of operations. Allowing one board member complete control over a financial transaction increases the risk of fraud.

Deficiency 4: The HCERT board did not properly maintain accounting records

The HCERT board did not properly maintain all transactions in an official accounting system. As a result, the accounting system did not reflect a credible and complete record of transactions and balances. An official accounting system should be the entity's control record and should reflect all financial activity, which allows for accurate budgeting and financial reporting.

Deficiency 5: The HCERT board did not reconcile bank accounts

The HCERT board did not reconcile bank accounts with accounting records. The reconciliation of bank statements is a necessary procedure to ensure all collections and disbursements are recorded accurately in the accounting records and is as a process of searching for and documenting questionable activity, errors, or variances.

Deficiency 6: The HCERT board did not require dual signatures on checks

The HCERT board did not require dual signatures on checks during the period examined. Requiring dual signatures on checks provides that more than one individual verifies check payments are both appropriate and reasonable.

Deficiency 7: The HCERT board did not ensure prenumbered receipts were issued or fundraiser collections were properly documented

The HCERT board did not ensure prenumbered receipts were issued for collections. Therefore, investigators could not determine if all funds donated or collected from fundraisers were remitted to the entity. In addition, investigators found no cash counts or other documentation confirming amounts collected for fundraisers. Therefore, investigators could not verify that all fundraiser collections and related cash used for change were properly deposited into a HCERT bank account. Adequate documentation of collections increases accountability and reduces the risk that funds will be misused or misappropriated.

HCERT officers indicated that they have corrected or will correct these deficiencies.
