



COMPTROLLER'S INVESTIGATIVE REPORT

Roane County Rescue Squad

November 19, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

November 19, 2021

Roane County Rescue Squad Board
and Attorney Patrick Cooley
1021 Waterford Place
Kingston, TN 37763

Roane County Rescue Squad Board and Attorney:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Roane County Rescue Squad, 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 9th 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, appearing to read "Jason E. Mumpower", with a long horizontal flourish extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Roane County Rescue Squad

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Roane County Rescue Squad. The investigation was limited to selected records for the period January 1, 2013, through March 29, 2018. The results of the investigation were communicated with the Office of the District Attorney General of the 9th Judicial District.

BACKGROUND



The Roane County Rescue Squad (rescue squad) was established in 1959 and is in Midtown, located between Harriman and Rockwood, Tennessee. The rescue squad is maintained by trained and equipped volunteers that respond to various emergency situations locally and in surrounding counties. It is a 501(c)3 non-profit organization and is funded by fundraising events and annual contributions from Roane County.

The rescue squad is governed by a board of directors whose duties include approving a budget. The rescue squad's policies and day-to-day activities are governed by the executive board (eBoard), which consist of rescue squad members.

RESULTS OF INVESTIGATION

- **THE PURCHASE AND RESALE OF VEHICLES PROCURED FROM STATE SURPLUS PROPERTY WAS QUESTIONABLE**

General Services guidelines for the purchase and resale of its surplus vehicles require the vehicles to be placed into service within one year of the purchase date and remain in service for one year before they may be sold. There was no authorization to purchase the vehicles from state surplus noted in the rescue squad eBoard's minutes nor any documentation that the rescue squad had placed the vehicles into service. Also, there was no authorization for the rescue squad to sell the vehicles noted in the eBoard minutes, competitive bids were not solicited, and the vehicles were not advertised for sale by the rescue squad.

The following questionable transactions were noted:

- A. The rescue squad purchased a surplus 1996 GMC C3500 dump truck for \$2,250 in March 2013, from General Services. In May 2015, the rescue squad captain purchased the vehicle from the rescue squad for \$1,000. There was no paperwork on the sale of the dump truck

except for the title, and there was no specific deposit that documented the \$1,000 was credited to a rescue squad bank account. The rescue squad captain stated it was a cash transaction.

- B. The rescue squad purchased a surplus 2000 Jeep Cherokee for \$1,750 in August 2015, from General Services. In October 2016, an individual purchased the vehicle from the rescue squad for \$1,000. The individual who purchased the vehicle stated she knew it was for sale by word of mouth. There was no paperwork on the sale of the vehicle except for the title, and there was no specific deposit that documented the \$1,000 was credited to a rescue squad bank account. The rescue squad captain and the individual who purchased the vehicle stated it was a cash transaction.
- C. The rescue squad purchased a surplus 2002 Chevrolet Tahoe for \$2,500 in February 2017, from General Services. In March 2018, an individual purchased the vehicle from the rescue squad for \$2,200. The individual who purchased the vehicle stated he lived in the rescue squad captain's rental property where the vehicle was parked, and he inquired if the vehicle was for sale. There was no paperwork on the sale of the vehicle except for the title. There was no specific deposit that documented the \$2,200 was credited to a rescue squad bank account. The rescue squad captain and the individual who purchased the vehicle stated it was a cash transaction.

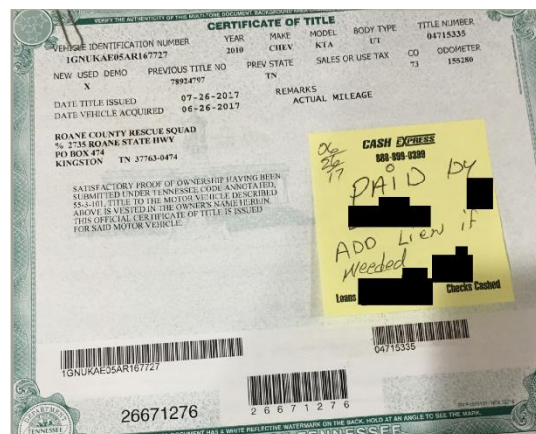
The rescue squad by-laws state under Section 1 Purchases: "all expenses in excess of \$1,500 must be brought before the Roane County Rescue Squad and the Board of Directors for approval." It was noted above that each of the three vehicles cost more than \$1,500; however, there was no approval noted in the board minutes.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed internal control and compliance deficiencies, some of which contributed to the questionable transactions noted above. These deficiencies included:

Deficiency 1: Unauthorized loans were made to the rescue squad by the rescue squad captain

The rescue squad captain stated he periodically loaned his personal funds to the rescue squad; however, there was no documentation provided of the approval of these loans by the executive board, nor were the loans noted in the eBoard minutes. Investigators were advised that the board of director's authority was to approve the annual budget and review any contracts the rescue squad entered into with outside agencies, and the eBoard set policies and ran the day-to-day operations. There was no documentation maintained on these loans, such as a written loan document



between the captain and the rescue squad noting amounts, terms of the loans, dates and descriptions of items purchased with these loans, or repayment methods. Investigators identified at least four loans/transfers from the captain's personal bank account to the rescue squad's bank account; however, since there was no documentation maintained on these loans, we could not determine if there were additional loans or transfers.

Deficiency 2: Rescue squad surplus property was not disposed of properly

Rescue squad surplus property was not disposed of properly. The rescue squad did not take bids on items they sold. The eBoard determined a sale price for an individual item by obtaining a "buy bid," which we were told is a price that a public source has given them as a fair market price for that item. Once the buy bid was established, rescue squad members had first choice to purchase the item for that price. There was no documentation of where the buy bid price was obtained or by whom to verify the authenticity. Surplus property purchases or sales are not addressed in the rescue squad by-laws; therefore, this lack of guidance weakens internal controls over the assets and increases the risks of fraud and abuse.

Deficiency 3: Rescue squad members were allowed to use rescue squad equipment for personal use

Rescue squad members were allowed to use rescue squad equipment for personal use. Investigators were informed that members could "sign out" equipment simply by asking permission from the rescue squad captain. The borrower would be responsible for the proper use, condition, and return of the equipment. Without proper documentation the custodial chain of the equipment is broken. The lack of a written policy governing the personal use of rescue squad equipment and the lack of adequate documentation weakens the internal controls over assets and increases the risk of fraud and abuse.

Deficiency 4: The rescue squad did not deposit some funds within three days of collection

During our review of receipts and bank statements, we noted some collections were not deposited within three days of receipt. *Tennessee Code Annotated*, Section 5-8-207, requires all funds to be deposited in the official bank account within three days of collection. The delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation. All collections should be deposited within three business days, receipts should be issued at the time of collection, and receipts should be listed on the deposit slips individually to identify deposits are intact. Any delay in depositing funds weakens internal controls over collections and increases the risks of fraud and misappropriation.

Deficiency 5: Questionable purchases of food totaling \$9,923.22 were made with rescue squad funds

During the period reviewed, questionable purchases of food totaling \$9,923.22 were made with rescue squad funds and appear to have been a general practice of the rescue squad. From January 1, 2013, through March 29, 2018, the rescue squad made food purchases with a rescue squad bank card totaling \$2,345.26 (**Refer to Exhibit 1**) and two rescue squad bank cards from another bank totaling \$7,577.96 (**Refer to Exhibit 2**), for total food purchases of \$9,923.22. The board of

directors was aware only of the food purchases for meetings and callouts; however, food purchases were made on a regular basis and some of the amounts for food purchases appeared to be for only one or two individuals. Food purchases are not addressed in the rescue squad by-laws. The food purchases are noted in **Exhibits 1 & 2**.

Exhibit 1

Summary of Food Purchases – Regions Bank Card					
Date	Vendor	Amount	Date	Vendor	Amount
01/22/13	Little Caesars	43.80	05/08/14	Heath's Natural Food	104.80
01/22/13	Hardee's	16.95	05/08/14	Denny's	30.69
01/22/13	Hardee's	9.23	05/20/14	Ruby Tuesday	52.04
01/24/13	Shoney	22.31	06/02/14	Piggly Wiggly	26.05
01/28/13	Hardee's	16.92	06/06/14	Redbones	68.69
01/31/13	Piggly Wiggly	31.89	06/06/14	Kroger	18.59
02/06/13	Piggly Wiggly	65.11	06/09/14	Piggly Wiggly	33.25
03/06/13	Piggly Wiggly	53.82	06/23/14	Texas Roadhouse	59.86
03/14/13	O'Charley's	33.47	06/23/14	Piggly Wiggly	46.39
03/15/13	IHOP	26.25	06/25/14	Shoney's	50.90
03/27/13	Krystal	19.58	06/30/14	Hardee's	17.82
04/11/13	Handee Burger	30.85	07/07/14	Hardee's	19.45
04/12/13	Bobs Hamburgers	25.90	07/07/14	Little Caesars	17.52
04/15/13	El Cantarito	30.00	07/07/14	Shoney's	16.40
04/26/13	Handee Burger	24.95	07/07/14	Hardee's	14.75
05/10/13	Piggly Wiggly	32.01	07/07/14	Taco Bell	12.15
05/13/13	Kroger	30.46	07/07/14	Hardee's	11.79
05/15/13	Gondolier	39.91	07/07/14	Hardee's	8.81
07/01/13	Hardee's	6.55	07/21/14	Hardee's	9.93
07/05/13	Kroger	85.45	07/21/14	Hardee's	9.92
07/22/13	Piggly Wiggly	82.93	07/23/14	Hardee's	8.74
07/23/13	Piggly Wiggly	28.60	07/24/14	Wendy's	18.26
07/29/13	Food City	50.87	07/24/14	Kroger	12.87
08/09/13	Los Primos	40.91	10/14/14	JB's	90.54
08/12/13	Longhorn Steak	41.73	10/29/14	Angell & Phelps	49.15
08/29/13	Piggly Wiggly	57.93	11/03/14	Shoney's	24.95
09/03/13	Longhorn Steak	44.51	11/14/14	Wendell's Diner	26.00
09/25/13	Hardee's	17.05	11/17/14	Piggly Wiggly	78.98
09/26/13	Hardee's	4.14	11/18/14	Longhorn Steak	46.30
09/27/13	Piggly Wiggly	43.86	12/01/14	Kroger	73.22
01/24/14	Hardee's	13.49	12/08/14	Piggly Wiggly	63.56
01/30/14	Cracker Barrel	40.22	12/15/14	Kroger	27.29
04/29/14	Cracker Barrel	25.08	12/22/14	Chuck's Deli	16.56
05/01/14	Wendell's Diner	34.12	12/23/14	Hardee's	8.19
				Total Food Purchases	<u>\$ 2,345.26</u>

Exhibit 2

Summary of Food Purchases – United Community Bank Cards					
Date	Vendor	Amount	Date	Vendor	Amount
02/12/13	Kroger	139.18	01/21/15	Piggly Wiggly	33.56
02/12/13	Kroger	34.68	01/23/15	Wendell's Diner	65.70
04/12/13	Piggly Wiggly	20.97	01/26/15	Little Caesars	56.00
04/12/13	Piggly Wiggly	33.53	01/26/15	Piggly Wiggly	11.63
04/13/13	Piggly Wiggly	72.01	01/27/15	Hardee's	53.81
05/04/13	Cracker Barrel	23.98	01/28/15	Piggly Wiggly	38.02
05/17/13	Texas Roadhouse	115.89	01/28/15	Hardee's	7.66
05/18/13	Mellow Mushroom	86.78	01/29/15	Piggly Wiggly	75.47
05/18/13	Subway	31.43	01/29/15	Hardee's	11.82
05/19/13	Arby's	40.86	01/31/15	Bojangles	14.42
10/03/13	Krystal	12.96	01/31/15	Shoney's	34.54
10/03/13	Wood Grill	17.87	02/16/15	Bojangles	69.10
10/04/13	Mel's Diner	23.66	02/17/15	McDonald's	32.08
12/04/13	Papa John's	46.98	02/21/15	Cracker Barrel	67.31
12/31/13	Domino's	49.17	02/21/15	Shoney's	86.79
12/31/13	Kroger	53.51	02/25/15	Piggly Wiggly	65.64
01/06/14	Shoney's	60.00	02/27/15	Hardee's	16.36
01/08/14	Longhorn Steak	76.13	02/27/15	Hardee's	16.47
01/13/14	Handee Burger	18.78	03/02/15	Hardee's	8.76
01/22/14	Jason's Deli	21.26	03/06/15	Hardee's	13.07
01/29/14	Little Caesars	19.71	03/06/15	Little Caesars	52.56
01/29/14	Little Caesars	27.38	03/16/15	Hardee's	55.68
02/01/14	Krystal	48.05	03/21/15	Wendell's Diner	25.28
02/07/14	Little Caesars	42.71	03/25/15	El Patron	45.41
02/08/14	Piggly Wiggly	34.08	03/30/15	Chuck's Deli	20.31
02/13/14	Kroger	51.73	04/11/15	Hardee's	9.86
02/14/14	Hardee's	30.15	04/11/15	Wendell's Diner	25.25
02/16/14	Hardee's	31.57	04/13/15	Shoney's	39.83
03/03/14	Bob's Burgers	56.44	04/20/15	Shoney's	37.75
03/03/14	Hardee's	16.32	05/01/15	Shoney's	50.51
03/08/14	Hardee's	8.76	05/07/15	Shoney's	41.61
03/08/14	Piggly Wiggly	48.26	05/19/15	Wendell's Diner	21.50
03/12/14	Piggly Wiggly	78.67	06/26/15	Wendell's Diner	50.00
03/18/14	Cracker Barrel	59.22	07/01/15	Cracker Barrel	18.57
03/25/14	Shoney's	22.74	07/02/15	Handee Burger	63.09

03/29/14	Piggly Wiggly	17.85	07/09/15	Hardee's	62.64
03/29/14	Shoney's	35.00	08/07/15	Shoney's	23.61
04/01/14	Shoney's	50.40	08/07/15	Shoney's	35.41
04/05/14	Hardee's	17.09	08/11/15	Shoney's	23.00
04/16/14	Wendell's Diner	34.77	10/06/15	Denny's	26.18
04/17/14	Shoney's	30.33	10/07/15	Denny's	13.43
04/18/14	Little Caesars	26.28	10/07/15	IHOP	19.35
05/31/14	Little Caesars	23.84	10/08/15	Burger King	14.92
05/31/14	Sonic	12.01	10/08/15	Cracker Barrel	26.55
06/03/14	Shoney's	52.30	10/08/15	Five Guys	11.06
06/05/14	Roane Street Grill	38.35	10/09/15	Mel's Diner	26.55
06/10/14	Wendy's	29.60	10/23/15	Shoney's	19.25
06/11/14	Piggly Wiggly	12.45	11/02/15	Shoney's	39.49
06/19/14	Shoney's	40.37	11/05/15	Jakes Tavern	33.47
06/21/14	Piggly Wiggly	10.40	11/30/15	Wendy's	26.49
07/01/14	Buddy's Bar-B-Q	26.24	12/01/15	Wood Grill Buffet	29.55
07/01/14	Hardee's	16.39	12/02/15	Longhorn Steak	58.59
07/02/14	Hardee's	11.92	12/05/15	Kroger	113.78
07/02/14	Piggly Wiggly	117.61	01/06/16	Little Caesars	37.98
07/03/14	Hardee's	15.53	01/13/16	Bojangles	17.59
07/04/14	Bojangles	19.02	01/14/16	Bojangles	14.09
07/12/14	Wendell's Diner	41.10	01/19/16	Bojangles	14.09
07/14/14	Shoney's	48.84	01/22/16	Krystal	28.86
07/18/14	Piggly Wiggly	61.97	01/22/16	Kroger	17.25
07/19/14	Sonic	25.12	01/26/16	Hardee's	19.18
07/26/14	Little Caesars	19.71	01/27/16	Hardee's	14.39
07/28/14	Krystal	13.12	02/23/16	Hardee's	9.79
07/29/14	Subway	9.88	02/24/16	Hardee's	14.16
08/02/14	Hardee's	16.06	02/29/16	Handee Burger	16.54
08/02/14	Piggly Wiggly	41.57	03/02/16	Hardee's	14.05
08/04/14	Kroger	26.37	03/02/16	Waffle House	22.05
08/19/14	Shoney's	35.68	03/02/16	Wendy's	15.28
09/08/14	Shoney's	41.19	03/08/16	Chili's	32.19
09/10/14	Fireside Restaurant	49.66	03/22/16	Shoney's	27.93
09/10/14	Subway	29.73	03/26/16	Hardee's	8.16
09/22/14	Little Caesars	20.79	03/31/16	Roane Street Grill	34.82
09/22/14	Shoney's	21.59	04/15/16	Wendell's Diner	14.41
10/01/14	Shoney's	12.82	04/30/16	Bojangles	20.76

10/01/14	Rickyard Ridge BBQ	51.85	04/30/16	Super Hibachi	52.00
10/03/14	Denny's	11.29	05/01/16	Hardee's	26.53
10/03/14	Mel's Diner	26.77	05/01/16	Master Donuts	13.19
10/05/14	IHOP	24.72	05/01/16	Ryan's	75.62
10/31/14	Kroger	112.01	06/13/16	Roane Street GRI	29.58
11/05/14	Shoney's	61.78	06/16/16	Handee Burger	38.55
11/07/14	China King	35.45	07/01/16	B&B BarBQ	13.00
11/07/14	Little Caesars	28.00	07/20/16	Meat House BBQ	21.99
11/08/14	Hardee's	23.83	09/10/16	Hardee's	17.65
11/08/14	Hardee's	29.95	10/04/16	Cracker Barrel	36.37
11/22/14	Wendell's Diner	26.46	10/05/16	Shoney's	17.31
11/24/14	Chuck's Deli	26.21	10/08/16	Hardee's	7.11
12/05/14	McDonald's	16.38	10/08/16	Shoney's	18.76
12/10/14	Hardee's	9.00	10/24/16	Shoney's	25.95
12/11/14	China King	15.72	10/24/16	Shoney's	10.17
12/11/14	Shoney's	26.45	11/03/16	Roane Street GRI	32.23
12/12/14	Hardee's	8.00	12/27/16	Shoney's	27.80
12/15/14	Hardee's	15.25	01/06/17	Shoney's	100.00
12/17/14	Piggly Wiggly	73.88	01/18/17	Little Caesars	24.00
12/23/14	Wendell's Diner	24.44	01/24/17	Little Caesars	30.00
01/05/15	Hardee's	18.53	02/22/17	Shoney's	49.59
01/05/15	Little Caesars	40.00	03/16/17	China New	17.89
01/05/15	Piggly Wiggly	9.00	06/07/17	Shoney's	18.58
01/07/15	Piggly Wiggly	110.63	06/21/17	Longhorn Steak	24.56
01/12/15	Hardee's	16.35	06/26/17	Shoney's	62.63
01/12/15	Piggly Wiggly	16.24	08/10/17	Little Caesars	24.00
01/12/15	Wendell's Diner	29.86	08/16/17	Shoney's	138.24
01/13/15	Shoney's	72.46	09/26/17	Shoney's	30.58
01/14/15	Piggly Wiggly	38.25	11/04/17	Shoney's	80.14
01/15/15	Piggly Wiggly	83.38	11/21/17	Shoney's	28.80
01/18/15	Bojangles	18.19	01/12/18	Shoney's	16.73
01/18/15	Burger King	26.08	01/16/18	Papa John's	54.50
01/20/15	Hardee's	13.07	01/24/18	Shoney's	29.90
01/20/15	Little Caesars	61.32	02/22/18	Shoney's	32.01
01/21/15	Piggly Wiggly	80.52	03/14/18	Cracker Barrel	30.00
				Total Food Purchases	7,577.96

Board of director members indicated that they have corrected or intend to correct these deficiencies.
