



COMPTROLLER'S INVESTIGATIVE REPORT

Haletown Volunteer Fire Department

January 14, 2022

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

January 14, 2022

Haletown Volunteer Fire Department Board
P.O. Box 472
Guild, TN 37340

Haletown Volunteer Fire Department Board Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Haletown Volunteer Fire 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 12th 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", is written over a faint, larger version of the signature.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Haletown Volunteer Fire Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Haletown Volunteer Fire Department. The investigation was limited to selected records for the period from January 1, 2017, through December 31, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 12th Judicial District.

BACKGROUND



Haletown Volunteer Fire Department (department) was established as a non-profit corporation in 2003 and is in Guild, Tennessee. The department provides fire protection services to safeguard life and properties from hazards of fire, flood, storms, and other man-made and natural dangers. The department is primarily funded by fundraisers and contributions, with the Marion County government contributing \$38,027 per year during the

period reviewed. A Board of Directors (board) governs the department, and department members elect officers that oversee the day-to-day operations.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed the following deficiencies in internal controls and compliance resulting from a lack of management oversight and inadequate maintenance of accounting records:

Deficiency 1: Investigators identified \$119,466 in questionable purchases

During the period examined, investigators identified total department purchases of \$183,566. Of that total, \$119,466 lacked proper documentation in the form of invoices or receipts. Therefore, investigators were unable to determine whether the \$119,466 in purchases were exclusively for the department's benefit. The lack of documentation weakens controls over the purchasing process, increases the risk of paying for something that was not received, and does not allow management to verify that payments are proper and reasonable. Purchases should only be made for authorized expenditures. Adequate documentation should be maintained to support all purchases, and the documentation should be maintained for a minimum of three years.

Deficiency 2: The board did not provide adequate oversight or use sufficient operational controls to promote accountability for the use of funds

The board did not provide adequate oversight or use sufficient operational controls to promote accountability for the use of funds. Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. However, the board did not establish internal controls to ensure accountability of department funds. The lack of oversight by the board contributed to failures in the following areas:

- The board did not ensure annual financial reports were prepared and submitted to the Comptroller of the Treasury and with each local government body from which the department received appropriations as required by *Tennessee Code Annotated*, Section 68-102-309 for calendar years 2018, 2019, and 2020.
- The board did not separate incompatible financial duties. The department fire chief was responsible for all aspects of the purchasing and payment processes. Separating financial duties and providing adequate oversight reduces the risks that errors or misappropriations will remain undetected.

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