



COMPTROLLER'S INVESTIGATIVE REPORT

Perry County Solid Waste Department

May 19, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 19, 2023

Perry County Commissioners
P.O. Box 16
Linden, TN 37096

Perry County Commissioners:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Perry County Solid Waste 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 32nd 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

Perry County Solid Waste Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Perry County Solid Waste Department. This investigation was initiated after Perry County Commissioners notified the Comptroller’s Office of discrepancies in the fueling of vehicles and equipment. The investigation was limited to selected records for the period from June 1, 2021, through January 31, 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 32nd Judicial District.

BACKGROUND



The Perry County Solid Waste Department (PCSWD) provides solid waste disposal services for Perry County and is part of the Perry County government. It operates two transfer stations which are located in Linden and Lobelville and two smaller convenience centers in other areas of the county. The PCSWD does not perform curbside garbage collection; citizens must take their garbage to a convenience center or rent a dumpster from the county.

Individuals or businesses in Perry County can rent dumpsters from the county through the county mayor’s office. Dumpster rental fees are billed monthly or quarterly, and the fee amount is based on how frequently the dumpster is emptied.

The PCSWD purchases its fuel from a wholesale fuel company, which uses a fuel key system at its fuel pumps. Each PCSWD employee who drives county vehicles has their own unique fuel key, allowing each fuel purchase to correspond to and identify the employee who used their fuel key to make the purchase.

The PCSWD has a director and a supervisor who oversee the day-to-day operations of the landfill and convenience centers. The director stepped down from the role of director in October 2022, but is still employed by the PCSWD.

RESULTS OF INVESTIGATION

- 1. THE COUNTY ALLOWED THE DIRECTOR TO USE COUNTY-PURCHASED FUEL IN HIS PERSONAL TRUCK AND DISPENSE COUNTY-PURCHASED FUEL FROM HIS EXTERNAL DIESEL TANK**

The director of the PCSWD used his personal truck to perform his duties for an unknown number of years. The county did not pay the director mileage reimbursement for the use of his personal truck, but instead allowed the director to use his county-owned fuel key to purchase gasoline for his truck. Both the director and the county mayor confirmed this arrangement.

The director told investigators that he used his external diesel fuel tank located in the bed of his personal truck to haul diesel fuel for PCSWD’s equipment, such as the bulldozers at the landfill. The director used his external diesel tank because the county did not provide sufficient equipment for the director to haul fuel to the landfill or to other locations when needed, as confirmed by the county mayor. Since the director did not keep a log of every instance he pumped diesel from his external fuel tank, the county could not accurately and reliably account for this fuel.

The county did not require the director to maintain a mileage log or otherwise keep track of his work mileage and did not monitor the director’s fuel usage. Therefore, investigators could not determine if all fuel was used for the benefit of the PCSWD. The use of county fuel in personal vehicles and the use of a personal external fuel tank to pump fuel into county equipment is a questionable practice that could result in errors or intentional misappropriations, and further created a potential civil liability to the county.

2. THE DIRECTOR HAD QUESTIONABLE FUEL TRANSACTIONS TOTALING \$1,089.33

Investigators identified an instance where the director used his county-owned fuel key for three diesel transactions within a ten-minute time period totaling 241 gallons worth \$826.13 (**Refer to Exhibit 1**). This high volume of diesel usage in one visit to the fueling station was unusual compared to the rest of the director’s fuel usage history. The director told investigators that he could not explain these three transactions.

Exhibit 1

DRIVER#:			0					
BARBER OIL LINDEN	02/14/22	01:52P	0	0.00	DIE	60.340	3.4248	206.65
BARBER OIL LINDEN	02/14/22	01:58P	0	0.00	DIE	110.800	3.4248	379.47
BARBER OIL LINDEN	02/14/22	02:02P	0	0.00	DIE	70.080	3.4248	240.01
BARBER OIL LINDEN	02/15/22	12:27P	0	0.00	ETH	16.360	2.8481	46.59
BARBER OIL LINDEN	02/18/22	12:36P	0	0.00	ETH	14.300	2.7244	38.96
BARBER OIL LINDEN	02/23/22	12:12P	0	0.00	ETH	17.600	2.9593	52.08
BARBER OIL LINDEN	02/25/22	02:40P	0	0.00	DIE	59.900	3.4536	206.87
BARBER OIL LINDEN	02/25/22	02:42P	0	0.00	ETH	13.520	2.9593	40.01
DRIVER TOTALS:						362.900		1210.64

A fuel invoice received by the PCSWD shows three diesel fuel transactions made by the director in a ten-minute time period totaling 241 gallons worth \$826.13.

The director also used his county-owned fuel key for five gasoline transactions on days he was not working, totaling \$263.20. Investigators consider the \$1,089.33 of fuel transactions summarized below to be questionable.

Questionable Fuel Transactions by Director	
Gasoline Transactions on Days Not Working	\$ 263.20
Unusual Diesel Transactions (<i>Exhibit 1</i>)	826.13
Questionable Fuel Transactions	\$ 1,089.33

3. A PCSWD SUPERVISOR HAD QUESTIONABLE FUEL TRANSACTIONS TOTALING \$300.87

A PCSWD supervisor used her county-owned fuel key for two gasoline transactions after her recorded work hours and one diesel transaction on a day she was not working, totaling \$300.87. Investigators are not aware of any justifiable reason the supervisor would take a gasoline-powered county vehicle home after work hours. Investigators noted times when the supervisor used her county fuel key to fuel the county litter pickup crew’s vehicle. However, there was no litter pickup crew activity on the days the supervisor used her county fuel key for gasoline transactions after work hours. Investigators consider the \$300.87 of fuel transactions made by the supervisor to be questionable.

Questionable Fuel Transactions by Supervisor			
Fuel Type	Time of Transaction	Number of Transactions	Dollar Amount
Gasoline	After Work	2	\$ 91.83
Diesel	Off Day	1	209.04
Questionable Transactions			\$ 300.87

4. A PCSWD SUPERVISOR RECEIVED AN UNDUE BENEFIT OF \$600 BY USING A COUNTY-OWNED DUMPSTER ON HER PERSONAL PROPERTY WITHOUT PAYING THE DUMPSTER RENTAL FEE

A PCSWD supervisor kept a county-owned dumpster on her personal property from September 2022 through January 2023 without paying any dumpster rental fees to the county. The supervisor told investigators that the county mayor authorized her use of the dumpster free of charge. The county mayor told investigators he did give the supervisor permission to use a dumpster free of charge, but not for an extended period of time. Based on the \$120 per month standard rental charge paid by county residents, the supervisor received an improper personal benefit of \$600 (\$120 times 5 months).

INTERNAL CONTROL DEFICIENCIES

Our investigation revealed deficiencies in internal controls. These deficiencies included:

Deficiency 1: The county failed to maintain written policies and procedures

According to the *Internal Control Manual for Local Government Entities and Other Audited Entities in Tennessee*, local governments should maintain written policies and procedures for internal controls, travel, personnel, and purchasing. Policies should specify acceptable use of county assets and establish control activities to mitigate risks related to disbursement transactions. The Perry County mayor entered into an undocumented agreement with the director to allow the director to use his county-owned fuel key to fuel his personal truck, rather than paying the director mileage reimbursement for the use of his personal truck. According to the county mayor, there was no policy in place prohibiting county employees from using county fuel in personal vehicles.

Deficiency 2: The county did not establish sufficient internal controls for fuel usage

According to the *Internal Control Manual for Local Government Entities and Other Audited Entities in Tennessee*, local governments should implement controls to mitigate risks related to disbursement transactions. The county did not monitor fuel usage and did not track vehicle mileage to reconcile with fuel usage. Investigators identified questionable practices regarding fuel usage, including the use of county-owned fuel in personal vehicles and equipment, and employees' use of county-provided fuel keys outside of work hours. The county was unable to monitor the director's use of county-purchased gasoline in his personal truck or the director's use of county-purchased diesel in his personal external diesel tank because the director was not required to track work mileage or log any diesel pumped from his external diesel tank.

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