



COMPTROLLER'S INVESTIGATIVE REPORT

Knox County Emergency Rental Assistance Program

December 2, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

December 2, 2024

Knox County Officials
400 Main Street
Suite 364
Knoxville, TN 37901

Knox County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Knox County Emergency Rental Assistance Program, 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 6th 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 line extending to the right.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Knox County Emergency Rental Assistance Program

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Knox County Emergency Rental Assistance Program. The investigation was initiated after Knox County and Knoxville-Knox County Community Action Committee officials reported questionable transactions. The investigation was limited to selected records for the period January 2020 through July 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 6th Judicial District.

BACKGROUND



Knox County Grants and Community Development (KCGCD), a department of Knox County, Tennessee (county) government, is responsible for the administration and oversight of numerous programs funded through local, state, and federal grant dollars. KCGCD is divided into three divisions: community service, community development, and public safety. Under the community service division, KCGCD provides

housing assistance for qualifying county residents. In 2021, the community service division received federal Emergency Rental Assistance (ERA) funding and created the Knox County Emergency Rental Assistance Program (program) to distribute these funds. The program, funded through June 2025, allows qualifying county residents who were negatively affected by the COVID-19 pandemic to receive rental and utility payment assistance.

The Knoxville-Knox County Community Action Committee (KCCAC) is a local public agency and part of the national community action network established under the Economic Opportunity Act of 1964. KCCAC's mission is to promote family self-sufficiency and independent living for low-income and other vulnerable people within the county.

The county contracted with KCCAC to process and approve program applications submitted by county residents. KCCAC program managers and housing stabilization specialists review and approve applications submitted by county residents. After review, KCCAC employees mark the applications as approved within the internal application system (system), and the system assigns applicants a 5-digit program client identification (ID) code. The KCGCD grants program manager downloads the disbursement file from the system detailing the approved payments, assesses the approved payments, and submits the approved payments to the county finance department for check processing and mailing. The county makes payment either to the applicant, property owner, utility district, or service company.

The county hired Amanda McKay as the grants program manager for KCGCD on January 3, 2022. On January 19, 2023, McKay left full-time employment with the county and was hired as an independent contractor for KCGCD on January 31, 2023, where she performed program validation procedures within the system and the county's accounting program. On June 30, 2023, the county terminated McKay's contract.

KCCAC hired Jennifer Harper as a housing stabilization specialist on August 9, 2021, and she became a lead housing stabilization specialist on October 4, 2021. On February 3, 2023, Jennifer Harper resigned from her employment with KCCAC.

RESULTS OF INVESTIGATION

1. FORMER KNOX COUNTY GRANTS AND COMMUNITY DEVELOPMENT GRANTS PROGRAM MANAGER, AMANDA MCKAY, MISAPPROPRIATED PROGRAM FUNDS TOTALING AT LEAST \$79,679

From March 2022 through December 2022, Amanda McKay, who was responsible for reconciling disbursements files to the system for accuracy, knowingly misappropriated program funds totaling at least \$79,679 by adding false client information to the disbursement file that was sent to the county finance department for payment. McKay added an ID code to the disbursements to appear authentic, some of which were associated with legitimate program clients who received assistance or applied for assistance in the program.

McKay's misappropriation consisted of unauthorized payments to her former husband, herself, and utility companies, as follows:

A. McKay used false client information resulting in \$66,168.56 of unauthorized payments to her former husband


McKay used false client information resulting in nine unauthorized payments to her former husband totaling \$66,168.56. McKay registered her former husband as a landlord vendor in the system, but she told investigators that her former husband was not a landlord and did not own any rental properties. For eight of the nine payments to her former husband, McKay used an unrelated, real program client ID code to conceal the misappropriation. For the remaining payment, McKay used a fictitious client ID code (**Refer to Exhibit 1**).

Exhibit 1

Fictitious client ID code

Knox County, Knoxville, TN 37901		PAGE: 1 OF 1	EFT NUMBER: 1054845	
INVOICE DATE	INVOICE NUMBER	DESCRIPTION	REQ#	INVOICE AMOUNT
12/14/2022	64973-46113-46731	64973-██████████ GL#:1020621 - 530906	833348	\$4,564.30

Vendor No.	Vendor Name	EFT No.	EFT Date	EFT Amount
121149	██████████ MCKAY	1054845	12/22/2022	\$4,564.30



Knox County, Tennessee
THE TRUSTEE OF KNOX COUNTY
PO Box 70
Knoxville, TN 37901

Vendor Number	EFT Date	EFT Number
121149	12/22/2022	1054845

KNOX COUNTY ACCOUNTS PAYABLE

Amount: \$4,564.30

Pay *Four Thousand Five Hundred Sixty-four Dollars and 30 Cents*

To the Order Of ██████████ MCKAY

**EFT FILE COPY
NON-NEGOTIABLE**


Unauthorized payment to McKay's former husband using a fictitious client ID code

B. McKay used false client information resulting in \$9,824.20 of unauthorized checks to herself

McKay used false client information resulting in two unauthorized checks to herself totaling \$9,824.20. McKay registered herself as a landlord vendor in the system, and she told investigators she was not a landlord and did not own any rental properties. McKay used a fictitious client ID code for one payment and an unrelated, real program client ID code for the other payment (Refer to Exhibit 2).

Exhibit 2

THIS CHECK IS VOID WITHOUT A BLUE & GREEN BACKGROUND AND AN ARTIFICIAL WATERMARK PATTERN ON THE BACK - HOLD AT ANGLE TO VIEW

 <p>Knox County, Tennessee THE TRUSTEE OF KNOX COUNTY PO Box 70 Knoxville, TN 37901</p>	<p>87-703 843</p> <table> <tr> <td>Vendor Number</td> <td>Check Date</td> <td>Check Number</td> </tr> <tr> <td>120286</td> <td>07/12/2022</td> <td>2517392</td> </tr> </table> <p>VOID 90 DAYS FROM DATE OF ISSUE</p>	Vendor Number	Check Date	Check Number	120286	07/12/2022	2517392	
Vendor Number	Check Date	Check Number						
120286	07/12/2022	2517392						

KNOX COUNTY ACCOUNTS PAYABLE

Amount: \$4,512.20

Pay *Four Thousand Five Hundred Twelve Dollars and 20 Cents*

To the Order Of AMANDA MCKAY

FirstBank
Knoxville, TN

SIGNATURE HAS A COLORED BACKGROUND

Unauthorized check to McKay

C. McKay used false client information resulting in \$3,686.24 of unauthorized utility payments for her apartment and her former husband’s apartment

McKay used false client information resulting in 16 unauthorized program payments for personal utility charges totaling \$3,686.24. McKay received \$3,046.54 for utilities at her former husband’s apartment and \$639.70 for utilities at her apartment. McKay used both real client application ID codes and fictitious client application ID codes to conceal these personal utility payments.

Summary of Misappropriation by Amanda McKay			
	<u>Using a Real Client ID</u>	<u>Using a Fictitious Client ID</u>	<u>Total</u>
A. <u>Payments to McKay's Former Husband</u>	\$ 61,604.26	\$ 4,564.30	\$ 66,168.56
B. <u>Payments to Amanda McKay</u>	\$ 4,512.20	\$ 5,312.00	\$ 9,824.20
C. <u>Unauthorized Utility Payments</u>			
McKay's Former Husband's Apartment	\$ 2,960.62	\$ 85.92	\$ 3,046.54
Amanda McKay’s Apartment	\$ 467.70	\$ 172.00	\$ 639.70
Total Misappropriation	\$ 69,544.78	\$ 10,134.22	\$ 79,679.00

2. FORMER KNOXVILLE-KNOX COUNTY COMMUNITY ACTION COMMITTEE LEAD HOUSING STABILIZATION SPECIALIST, JENNIFER HARPER, AND HER HUSBAND, JAMES HARPER, MISAPPROPRIATED PROGRAM FUNDS TOTALING AT LEAST \$12,800

From April 2022 through October 2022, Jennifer Harper and her husband, James Harper, misappropriated program funds totaling at least \$12,800. The Harpers applied for rental assistance using a rental agreement that documented that their son rented a building on their property and listed James Harper as the landlord. The rental agreement documented that the building had water and electricity included, but investigators determined the building had no active water or electric utilities in service during the rental agreement period and that the building appeared to have significant damage and needed major repairs, leading investigators to question whether anyone lived in the building during the period reviewed (**Refer to Exhibit 3**). Based on the rental agreement containing false information, the county made three unauthorized payments of program funds to James Harper, which were electronically deposited into the Harpers’ joint bank account.

Exhibit 3



Property documented in the false rental agreement

3. AMANDA MCKAY RECEIVED OTHER QUESTIONABLE KNOX COUNTY EMERGENCY RENTAL ASSISTANCE PROGRAM PAYMENTS TOTALING AT LEAST \$9,073.24

Investigators identified seven additional questionable program payments to McKay totaling at least \$9,073.24. McKay was approved to receive program assistance using her maiden name and was assigned a program client ID code. When investigators reviewed system entries, multiple checks containing McKay's program client ID code were not submitted and not authorized through the normal program approval and payment process. Under the program, individuals are eligible to receive 18 months of assistance. As a county employee working in the program, investigators were unable to determine if McKay was ineligible to receive program funds, including the \$9,073.24 not authorized through the normal program approval and payment process.

On November 13, 2024, the Knox County Grand Jury indicted Amanda McKay on one count of Theft over \$60,000, one count of Violation of the Computer Crimes Act over \$60,000, one count of forgery over \$60,000, and two counts of Official Misconduct.

On November 13, 2024, the Knox County Grand Jury indicted Jennifer Harper and James Harper on one count of Theft over \$10,000 and one count of Violation of the Computer Crimes Act over \$10,000.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[Knox County Emergency Rental Assistance Program Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the misappropriation of program funds without prompt detection. These deficiencies included:

Deficiency 1: Knox County and Knoxville-Knox County Community Action Committee officials failed to properly oversee program operations, which contributed to disbursement deficiencies

Investigators noted the following disbursement deficiencies resulting from a lack of oversight by county and KCCAC officials:

- Investigators determined that McKay did not properly reconcile disbursement files with system program client documentation submitted to the county finance department by KCGCD, which was her responsibility. The failure to properly reconcile the disbursement files with system program client documentation increases the risk that errors or misappropriations will occur and not be detected promptly.
- KCCAC employees occasionally reviewed, approved, and submitted their own program applications which potentially violated federal, state, and county conflict of interest laws and policies, and KCCAC policy.

Knox County and KCCAC officials indicated that they have corrected these deficiencies.
