



COMPTROLLER'S INVESTIGATIVE REPORT

South Roane County Volunteer Fire Department, Inc.

September 12, 2024

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

September 12, 2024

Roane County Executive
and Members of the County Commission
200 East Race Street
Kingston, TN 37763

Roane County Executive and Members of the County Commission:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the South Roane County Volunteer Fire Department, Inc. 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

SOUTH ROANE COUNTY VOLUNTEER FIRE DEPARTMENT, INC.

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the South Roane County Volunteer Fire Department, Inc. The investigation was limited to selected records for the period January 2018 through February 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 9th Judicial District.

BACKGROUND



The South Roane County Volunteer Fire Department, Inc. (department) is a 26 U.S.C.A. § 501(c)(3) nonprofit organization that provides fire suppression, medical support, and general citizen assistance to over 4,000 residents south of the City of Kingston, in Tennessee. The department consists of five fire stations with approximately 30 volunteer members and is responsible for an area of approximately 111 square miles. The department is funded by fundraisers, donations, and appropriations from Roane County.

The department's operations chief reports to the department's board of directors, which is made up of other executive officers and department members. The operations chief's duties include, in part, overseeing and directing the department's firefighting operations and representing the department at Roane County Commission Fire Board Committee (fire board) meetings. Additionally, the operations chief is authorized to approve purchases of items and services for the department not exceeding \$500 without the approval of the administration chief.

To receive county funding, volunteer fire departments in Roane County are required to submit a request for county appropriations along with budget and expense information on a quarterly basis to the fire board. The fire board then votes to approve funding for each individual volunteer fire department.

In January 2021, at a fire board meeting, the department's former operations chief was questioned about his use of department funds. He subsequently resigned in February 2021.

RESULTS OF INVESTIGATION

1. THE FORMER SOUTH ROANE COUNTY VOLUNTEER FIRE DEPARTMENT, INC. OPERATIONS CHIEF MISAPPROPRIATED FUNDS TOTALING AT LEAST \$947

The former operations chief misappropriated department funds for personal use, totaling at least \$947. The former operations chief linked the department bank account debit card to his personal Amazon account beginning in May 2018. The former operations chief was informed by the former treasurer that the department bank account debit card was not to be linked to a personal Amazon account. The operations chief was told if he needed to purchase items for the department, he should either purchase them with his personal funds and seek reimbursement or submit a purchase order, and the department could purchase the necessary items. However, the former operations chief continued to use the department bank account debit card on his personal Amazon account and with other online retailers. Our investigation revealed that between October 2019 and November 2020, the former operations chief used the department bank account debit card linked to his personal Amazon account to purchase 3D printer parts and accessories, Magic: The Gathering cards and accessories, parts for a Ruger 10/22 rifle, and other personal items. Additionally, he used the department bank account debit card to pay for an Asurion phone insurance claim and to pay a personal utility bill. The former operations chief admitted to investigators that these purchases were personal in nature and not for the benefit of the department.

Summary of Personal Purchases	
Description	Amount
Amazon.com	\$731.56
Utility Payment	140.44
Asurion Insurance Claim	75.00
Total Personal Purchases	<u>\$947.00</u>

2. THE FORMER SOUTH ROANE COUNTY VOLUNTEER FIRE DEPARTMENT, INC. OPERATIONS CHIEF MADE QUESTIONABLE PURCHASES TOTALING AT LEAST \$2,468.85

The former operations chief made questionable purchases totaling at least \$2,468.85. Investigators reviewed receipts remitted to the department as well as receipts provided to investigators by the former operations chief and found 34 bank account debit card transactions totaling \$2,386.89, which lacked adequate supporting documentation. Additionally, during the review of the Amazon receipts of personal purchases noted in **Investigative Finding 1** above, investigators also questioned other Amazon purchases totaling \$81.96. Due to a lack of adequate supporting documentation or explanation, investigators could not determine whether these purchases were exclusively for the benefit of the department.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal control and compliance, some of which contributed to the investigative findings above. These deficiencies included:

Deficiency 1: South Roane County Volunteer Fire Department, Inc. officials failed to establish written policies and procedures related to the use of the department bank account debit card

Department officials failed to establish written policies and procedures related to the use of the department bank account debit card. Written use and abuse policies outline the purpose for and appropriate use of department bank account cards and also outline the steps to address any inappropriate use. Although the former treasurer told the former operations chief that the department bank account debit card should not be linked to a personal Amazon account, no use or abuse policies were established. This contributed to the former operations chief's continued inappropriate use of the department bank account debit card. The absence of written policies and procedures increases the risk of fraud, waste, or abuse of department funds.

Deficiency 2: South Roane County Volunteer Fire Department, Inc. officials failed to correct known inappropriate use of the department bank account debit card

Department officials failed to correct the inappropriate use of the department bank account debit card. The former treasurer identified that the former operations chief had linked the department bank account debit card to his personal Amazon account beginning in May 2018. However, largely due to the lack of written policies identified in **Deficiency 1** above, no attempt was made to cancel or otherwise restrict the former operations chief's access to the department's bank account debit card after the former operations chief's continued inappropriate use. The failure to address known inappropriate use of the department bank cards increases the likelihood of fraud, waste, or abuse, and in this instance, contributed to the misappropriation of \$947 of department funds.

Deficiency 3: South Roane County Volunteer Fire Department, Inc. officials paid state and local taxes

Department officials paid state and local sales taxes on credit card purchases during the period reviewed. As a 26 U.S.C.A. § 501(c)(3) non-profit entity, the department possesses a sales tax-exempt status on the purchase of qualifying goods and services. Failure to follow proper purchasing procedures in conjunction with the department's tax-exempt status increases the risk of unnecessary expenditures.
