



## COMPTROLLER'S INVESTIGATIVE REPORT

### Town of Unicoi

*June 12, 2019*

**Justin P. Wilson**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JUSTIN P. WILSON  
*Comptroller*

JASON E. MUMPOWER  
*Deputy Comptroller*

June 12, 2019

Town of Unicoi Mayor  
and Board of Aldermen  
P.O. Box 39  
Unicoi, TN 37692

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Town of Unicoi, 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 1<sup>st</sup> Judicial District, certain state legislators, and various other interested parties. A copy is available for public inspection in our office and may be viewed at <http://www.comptroller.tn.gov/ia/>.

Sincerely,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", written over a light gray rectangular background.

Justin P. Wilson  
Comptroller of the Treasury

JPW/MLC

# INVESTIGATIVE REPORT

## TOWN OF UNICOI

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Town of Unicoi. The results of the investigation were communicated with the Office of the District Attorney General of the 1<sup>st</sup> Judicial District.

### BACKGROUND



The Town of Unicoi is a rural town in Unicoi County located in Northeast Tennessee and has approximately 3,700 residents.

### RESULTS OF INVESTIGATION

- **A LACK OF MANAGEMENT OVERSIGHT CONTRIBUTED TO PAYROLL DEFICIENCIES**

The Town of Unicoi (Town) had the following payroll deficiencies due, in part to a lack of management oversight:

- A. The former town recorder and one current employee received discounted rates for their spouses' medical and dental insurance totaling \$13,318 and \$8,344, respectively, that were not authorized by the town's personnel policy. The personnel policy provides for the town to pay the cost of the employee's medical and dental insurance; however, if an employee elects to provide coverage for family members, that cost will be at the employee's expense. After reviewing this deficiency, the Town

of Unicoi entered into a \$5,000 settlement with the former town recorder for repayment of his discounted insurance premiums on January 31, 2019. Therefore, from July 1, 2016, through December 31, 2018, these two employees received unauthorized discounted rates for their spouses' medical and dental insurance, which resulted in the Town of Unicoi deciding to correct the deficiency, seek partial recovery of the overpayment/underpayment, and absorb the remaining loss of at least \$16,662 (\$13,318 plus \$8,344 less \$5,000).

The Town allowed a contract attorney to participate in the Tennessee Consolidated Retirement System (TCRS) for approximately four years. Under the town's personnel policy and the rules and TCRS regulations, the contract attorney was not eligible to participate in TCRS. During the time the contract attorney participated in TCRS, the Town withheld contributions to the retirement system and reported them to TCRS. The Town removed the contract attorney from TCRS after the matter was brought to its attention.

- **LACK OF MANAGEMENT OVERSIGHT LED TO DEFICIENCIES RELATED TO CREDIT CARD PURCHASES**

The Town of Unicoi utilizes various credit cards to make authorized purchases. The town recorder is responsible for reviewing and paying all charges on credit card accounts. From July 1, 2017 through December 31, 2018, we noted the following deficiencies related to credit card charges. These deficiencies are the result of a lack of management oversight and could result in improper purchases.

- A. In some instances, the town paid credit card invoices without adequate documentation to support the charges. The former town recorder paid charges for purchases such as travel and meals that were made without itemized receipts to document the goods and/or services purchased. Without adequate supporting documentation, we were unable to determine if the charges were for the benefit of the town. Credit card purchases should be supported with adequate detailed documentation.
- B. During the period examined, the town made credit card purchases for food totaling at least \$4,368. Items purchased often included items such as candy, soft drinks, cheese and veggie trays, crackers, Gatorade, Bai water, green tea, and Slimfast. The mayor stated the food purchased was for meeting attendees, employees, and special events. Although we noted some food items at the office, we were unable to ascertain whether these purchases were business related or personal in nature. **(Refer to Exhibits 1 and 2.)**

Exhibit 1



Exhibit 2



C. The town incurred finance charges (\$266) and late fees (\$351) totaling \$617. Credit card charges should be paid on a current basis to avoid finance charges and late fees.

Town officials indicated that they have corrected or will correct these deficiencies.