



COMPTROLLER'S INVESTIGATIVE REPORT

City of Sweetwater Street Department

September 11, 2020

Justin P. Wilson
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy Comptroller

September 11, 2020

Mayor Doyle Lowe
City of Sweetwater
P.O. Box 267
203 Monroe Street
Sweetwater, TN 37874

Dear Mayor Lowe:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of Sweetwater Street 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 10th 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 black ink that reads "Justin P. Wilson".

Justin P. Wilson
Comptroller of the Treasury

JPW/MLC

INVESTIGATIVE REPORT

City of Sweetwater Street Department

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the City of Sweetwater Street Department (department). The Comptroller's Office initiated the investigation after receiving allegations that department employees were selling scrap metal collected by inmates. The results of the investigation were communicated with the Office of the District Attorney General of the 10th Judicial District.

BACKGROUND

The City of Sweetwater is in Monroe and McMinn counties. The department maintains and services all public streets and is involved with the planning and construction of new streets and paving projects. The department uses two inmates from the Monroe County jail for various jobs.

RESULTS OF INVESTIGATION

- **EMPLOYEES OF THE STREET DEPARTMENT SOLD SCRAP METAL AND WERE PERMITTED TO KEEP SOME OF THE PROCEEDS, RESULTING IN AN UNDETERMINED CASH SHORTAGE**

Our investigation determined Monroe County jail inmates collected and sold scrap metal under the supervision of department employees. Inmates and department employees received cash from the sale of this scrap metal. Department employees told investigators it was a long-standing practice for the department to allow inmates to collect scrap metal from a dumpster behind the department building and sell the scrap metal and use the cash to buy inmates lunches, snacks, drinks, and tobacco products. According to department employees, the cash collected from the sale was maintained and informally accounted for by department employees.

Investigators found one check and evidence of \$122.61 in cash paid by the recycling center for scrap metal in May 2019. The check was payable to a department employee totaling \$84.45 and was properly remitted to the city recorders' office; but the cash from the same transaction was unaccounted. Investigators could not determine how much money department employees and inmates received from the sale of scrap metal due to inadequate records at the department and recycling center.

Tennessee Code Annotated, § 62-9-111 (b), requires payments for scrap metal sold by a governmental entity be made by check or money order payable to the governmental entity; and mailed to the business address of the governmental entity.

Sound business practice dictates that the city should adopt written policies concerning the collection and sale of recyclable materials. The City of Sweetwater does not have a formal policy on the handling of its recyclable materials. The lack of management oversight in the department, the lack of a formal recyclable materials policy, and the failure to follow state law, resulted in lost revenue for the city. The department advised investigators that it no longer allows inmates to collect and sell scrap metal.

INTERNAL CONTROL DEFICIENCY

Our investigation revealed a deficiency in internal control, which contributed to the unaccounted funds noted above:

Deficiency: Officials have not adopted a policy to prohibit scavenging recyclable materials

Although some recyclable materials have sufficient value to provide a revenue stream for the city, officials have not adopted a policy prohibiting employees from scavenging such materials. Scavenging or facilitating others to scavenge materials could be a violation of criminal statutes, deprives the city of an additional source of revenue and presents opportunity for employees to receive improper personal benefits.

Department officials indicated that they have corrected or will correct this deficiency.
