



COMPTROLLER'S INVESTIGATIVE REPORT

City of Decherd

July 8, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

July 8, 2021

City of Decherd
Board of Mayor and Aldermen
1301 W Main St
Decherd, TN 37324

Ladies and Gentlemen:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the City of Decherd, 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 12th 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

City of Decherd

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the City of Decherd. The investigation was limited to selected records for the period January 2016 through July 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 12th Judicial District.

BACKGROUND



The City of Decherd (city) is in Franklin County, Tennessee, and has a population of approximately 2,300 residents. The city is governed by a Board of Mayor and Aldermen, and a city administrator oversees day-to-day operations of the city. The city provides various benefits to full-time employees including health insurance; however, the Board of Mayor and Aldermen are not full-time employees.

While *Tennessee Code Annotated*, Section 8-27-601(a) authorizes municipalities to provide medical insurance for officials, such as the mayor, *Tennessee Code Annotated* Section 8-27-602(b), requires the aldermen to approve providing medical insurance by majority vote. In November 2019, a majority of the aldermen voted to pay 50% of the health insurance premium, not to exceed \$325 per month, for elected officials. Prior to November 2019, the city did not offer insurance to the mayor.

RESULTS OF INVESTIGATION

- **FORMER CITY OF DECHERD MAYOR ROBIN SMITH RECEIVED UNAUTHORIZED HEALTH INSURANCE BENEFITS TOTALING AT LEAST \$27,176**

In October 2015, former city Mayor Robin Smith (Smith) told the city administrator and the city bookkeeper he qualified as a full-time city employee and was therefore eligible for city provided health insurance. Based upon his representations, the bookkeeper placed Smith on the city's health insurance plan. **(Refer to Exhibit 1.)** From January 2016 through July 2019, the city paid at least \$27,176 for Smith's health insurance benefits. **(Refer to Exhibit 2.)**

Exhibit 1

Name	Plan Type	Benefit Plan	Benefit Plan Description	Coverage Level	Coverage Level Description	Employer Amount	Employee Amount	Total Amount
Smith, Robin B	Medical	PPPV1M	Partnership PPO BCBS Middle	A	Single	0.00	611.55	611.55

Unauthorized health insurance benefits for Smith

Exhibit 2

Period	Monthly Premium	Total Health Insurance Premium for Robin Smith
January 1, 2016 - December 31, 2016	\$611.55	\$7,338.60
January 1, 2017 - December 31, 2017	\$618.00	\$7,416.00
January 1, 2018 - December 31, 2018	\$649.00	\$7,788.00
January 1, 2019 - July 31, 2019	\$662.00	\$4,634.00
		\$27,176.60

City payments for Smith's health insurance benefits

Smith admitted to investigators that he needed health insurance, and he knew he was not eligible for city provided health insurance benefits when he told the city administrator and city bookkeeper that he was eligible.

On July 7, 2021, the Franklin County Grand Jury indicted Robin Smith on one count of Theft over \$10,000 and three counts of Official Misconduct.

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.

[City of Decherd Investigation Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed internal control and compliance deficiencies in the administration of health insurance benefits. These deficiencies can be attributed to a lack of management oversight.

Deficiency: The city had deficiencies in the administration of health insurance benefits.

We noted the following internal control and compliance deficiencies in the administration of health insurance benefits

- The city's Board of Aldermen did not provide adequate oversight over the administration of health insurance benefits and did not establish internal controls to ensure that health insurance was provided only to eligible employees and officials. Management is responsible for designing internal controls to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. Insurance programs providing medical insurance for city officials should be approved by a majority vote of the city's governing body as required by Section 8-27-602(b), *Tennessee Code Annotated*. The lack of oversight by the Board of Aldermen contributed to their failure to promptly identify the improper payments for the mayor's health insurance benefits.
- The city administrator did not provide adequate oversight to ensure accountability of city funds. The city administrator failed to ensure health insurance benefits were provided only to eligible employees and officials. Without adequate oversight, the mayor was able to assign health insurance benefits to himself without proper approval by the Board of Aldermen for 43 months.

City officials indicated that they have corrected these deficiencies.
