



COMPTROLLER'S INVESTIGATIVE REPORT

Sullivan County Emergency Communications District

January 29, 2021

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

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Sullivan County ECD
Board of Directors
PO Box 485
1586 Highway 394
Blountville, TN 37617

Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Sullivan County Emergency Communications District 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 2nd 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 that reads "Jason E. Mumpower".

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Sullivan County Emergency Communications District

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Sullivan County Emergency Communications District. The Comptroller's Office initiated the investigation after district officials reported several instances of alleged improper conduct and requested an independent review. The investigation was limited to selected records for the period July 2019 through October 2020. The results of the investigation were communicated with the Office of the District Attorney General of the 2nd Judicial District.

BACKGROUND



The Sullivan County Emergency Communications District (district) was established in 1988 and its operations center is in Blountville. The district provides enhanced 911 emergency telephone service for the area and is one of three Emergency Communication Districts in the county. The district is managed by a nine-member board of directors that is responsible for operational directives and

organizational oversight. Day to day operations are managed by an executive director.

The district does not have the authority to levy or collect taxes but is funded primarily by a 911 surcharge collected by communication service providers. The providers remit the surcharge to the Tennessee Department of Revenue, which, in turn, remits the funds to the Tennessee Emergency Communications Board for distribution to the individual local districts.

Use of district funds is governed by state statutes, the Tennessee Emergency Communications Board, and a comprehensive accounting manual. Any use of district revenue must comply with Section 7-86-102(d), *Tennessee Code Annotated*, which states that the funds received by districts "from all sources shall be used exclusively in the operation of the emergency communications district." All funds received by emergency communications districts (ECDs) are public funds and are limited to purposes for the furtherance of 911. Pursuant to Section 7-86-306(a)(11), *Tennessee Code Annotated*, the Tennessee Emergency Communications Board (TECB) is required to establish operating standards concerning acceptable uses of revenue for ECDs. Accordingly, the TECB has established required, permissible and prohibited uses of 911 revenue to ensure the appropriate expenditure and use of 911 funds by ECDs. Furthermore, the district is required to

follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts* (E911 Manual) prescribed by the Tennessee Comptroller of the Treasury.

RESULTS OF INVESTIGATION

- **EXECUTIVE DIRECTOR PROVIDED A FAMILY MEMBER AND A NON-DISTRICT COUNTY OFFICIAL USE OF CERTAIN DISTRICT EQUIPMENT**

The executive director allowed a family member use of a district cell phone and a non-district county official use of district computer monitor arms. The cell phone was not on the district's service plan while used by the family member. The TECB established operating standards concerning permissible uses of revenue for emergency communications districts, which include:

The following items are permissible uses of 911 surcharge revenue. Such items may be used in the provision of 911 service, provided they are only used exclusively in the operation of the ECD...pagers, cell phones, and other personal communication devices...[and] any other equipment, goods or services used exclusively in the operation of the district.

Although both items are permissible purchases, they must be used exclusively in the operation of the district. Both items were returned to the district after investigators inquired about them.

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

The Comptroller's investigation revealed the following deficiencies in internal controls and compliance:

Deficiency 1: The executive director purchased gifts for dispatchers

The executive director purchased impermissible gift items, including beverage tumblers and keychains, for dispatchers totaling \$361. The TECB prohibits using district funds for gifts. Permissible uses of E911 funds include "Service recognition awards and ceremonies for members of an ECD [emergency communications district] Board of Directors, employees of an ECD or ECD affiliated PSAP [public service answering point] and members of the public. Awards shall be *plaques, trophies or similar items [emphasis added]*." Prohibited uses of E911 funds include "Gifts, gift cards and flowers, other than those deemed permissible under Permissible Uses..."

Deficiency 2: The board of directors failed to provide adequate oversight of the executive director's time reporting

The board of directors, or its designee, did not approve the executive director's time sheet. Although the position is salaried, the executive director is accountable to the board of directors. Ensuring that the executive director's time records are reviewed and approved enables the board of directors to fulfill the oversight responsibilities entrusted to them.

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