



## COMPTROLLER'S INVESTIGATIVE REPORT

### Hardin County Highway Department

*July 29, 2022*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

July 29, 2022

Hardin County Mayor Ken Davis  
and Road Commissioners  
465 Main Street  
Savannah, TN 38372

Hardin County Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Hardin County Highway 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 24<sup>th</sup> 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

## HARDIN COUNTY HIGHWAY DEPARTMENT

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the Hardin County Highway Department. The investigation was limited to selected records for the period from January 1, 2020, through September 30, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 24<sup>th</sup> Judicial District.

### BACKGROUND



The Hardin County Highway Department (department) is in Savannah, Tennessee, and is responsible for maintaining approximately 880 miles of county roads and bridges. The department is overseen by a Road Commission Board that consists of the Hardin County Mayor and three elected road commissioners. The department operates under the direction and control of an elected road superintendent who

serves a four-year term. The department is subject to the Tennessee County Uniform Highway Law codified in Tenn. Code Ann. §54-7-101.

Steven Cromwell (Cromwell) was elected road superintendent in 2018. Cromwell's responsibilities included overseeing day-to-day operations related to county roads and bridges, approval on all accounts payable, and signed all department checks. Cromwell resigned his position on September 30, 2021.

### RESULTS OF INVESTIGATION

#### 1. ROAD SUPERINTENDENT STEVEN CROMWELL USED DEPARTMENT FUNDS FOR WORK PERFORMED ON PRIVATE PROPERTY

Road Superintendent Steven Cromwell improperly used approximately \$20,750 of department funds that was budgeted for public road paving to pave a driveway on private property in connection with the acquisition of land needed for the replacement of a county bridge. In 2019, a bridge in Hardin County was selected for replacement as part of the state High Priority Bridge Replacement Plan (HPBRP) which, according to Tenn. Code Ann. §54-4-601, provides up to 100% funding for priority bridges that meet the eligibility requirements.

To meet modern day specifications, the bridge needed to be enlarged, which, in turn, required the department to obtain .53 acres of land from an adjoining property. Established procedures for obtaining land needed for a right-of-way require an appraisal of the land, an agreed upon price, a legal instrument of conveyance to be executed to transfer ownership of the land, approval by the Hardin County Commission, and filing the document with the Hardin County Register of Deeds. Moreover, Tenn. Code Ann. § 54-7-101 prohibits work performed outside of the right-of-way, which meant that construction on the bridge could not begin until the necessary land was legally acquired and converted to a right-of-way.

Cromwell, acting without the authorization of the Hardin County Road Commission Board or the Hardin County Commission, made an agreement with the landowner to pave the landowner's private driveway in exchange for the .53 acres of land needed to build the bridge. Following completion of the bridge construction, Cromwell approved payment for two invoices totaling \$20,750 for paving the private driveway. Cromwell stated to investigators that he was aware that county resources were only to be used on public property; however, he thought the deal was a good business decision for the county. He further informed investigators that he did not have the authority to use public funds for private purposes.

Investigators searched land records on file with the Hardin County Register of Deeds and could not find any legal instrument showing the conveyance of the necessary interest in the land in question, such as a deed or easement. Investigators also obtained Geographic Information System (GIS) images, official images used by state property assessors, dated March 2, 2021, which clearly showed the land in question had not been converted to right-of-way. [See **Exhibit 1.**] When questioned about these findings, Cromwell admitted that no paperwork had been completed for this transaction. As a result, the bridge was improperly and unlawfully built on private property.

**Exhibit 1**



*GIS photograph of the parcel property lines (in red) depicting the bridge within the boundaries of private property.*

During the investigation, investigators also discovered that as part of the HPBRP, the department was eligible to receive a 100% state reimbursement for the purchase price of the land. However, Cromwell did not request a land reimbursement, and instead attempted to have the paving included with the bridge project. This request was denied because the work was performed on private property.

Investigators reviewed official state property records and found that the land in question was valued at approximately \$3,300 an acre [See Exhibit 2]; therefore, the .53 acres required for the new bridge was valued at \$1,749.

**Exhibit 2**

MARKET LAND																	
#	Type	Table	Code	Acc	Front	Depth	Units	Rate	Infl	Fld	Topo	Loc	Size	Mkt	Dep	Adj Rate	Value Class
1	A	62A	62	C	0	0	18	875.00					130		100	1,137.50	20,480
2	A	45P	45	C	0	0	25	3,300.00					100		100	3,300.00	82,500
3	A	54G	54	C	0	0	1	1,700.00					110		100	1,870.00	1,870
4	U	ZZ	23		0	0	4.7	25.00							100	25.00	120
5	U	06	04		0	0	1	4,499.95							100	4,499.95	4,500
Totals:							49.7										109,470

*Official property record showing the land in question as Grade 45P, valued at \$3,300 an acre.*

Based on the amount Cromwell authorized to pave the landowner’s driveway, the department overpaid approximately \$19,001 (\$20,750 less \$1,749) to acquire the land needed for bridge construction.

**2. CROMWELL VIOLATED COUNTY BID PROCEDURES AND FALSIFIED INVOICES TO PURCHASE A TRUCK FOR \$15,170**

Cromwell violated county bid procedures and falsified invoices for a truck purchase totaling \$15,170. Cromwell instructed department employees to falsify two invoices totaling \$6,300 to conceal the purchase, and split payments to avoid following proper bid requirements. Hardin County bid procedures require any purchase over \$10,000 to be advertised a minimum of two times and for a minimum of two quotes to be solicited.

In January 2021, Cromwell purchased a truck for the department from Browder Trucking & Excavating (BTE) for an initial payment of \$8,870 and two subsequent payments totaling \$6,300. [See Exhibit 3.] The truck, a 2008 Sterling Bullet, is equipped with a flat bed and lift that allows employees to shovel asphalt mix out of the truck for pavement patching. Cromwell stated to a department employee that he wanted to keep the purchase price of the truck under the \$10,000 bid threshold by splitting the total purchase price between the initial purchase payment and two subsequent payments. Cromwell then instructed an employee to fill out two purchase orders and two blank invoices from BTE totaling \$3,150 each. He intentionally directed the employee to misclassify the expenditures in the accounting records to describe the expenditures as “hauling”, which he then approved for payment.



**Exhibit 3**



***2008 Sterling Bullet Truck purchased by Cromwell from BTE.***

Investigators analyzed official department accounting records and could not confirm that BTE performed the “hauling” work stated on the two invoices. When questioned about this, Cromwell admitted to investigators that the purchase orders and the two invoices totaling \$6,300 were falsified, and that he was aware they were fraudulent when he approved them for payment. Cromwell claimed an emergency existed, which would have allowed him to circumvent bid requirements. However, investigators found no evidence that an actual emergency existed since the department already had one truck used for pavement patching.

Cromwell authorized a total of \$15,170 to be paid for the truck, which exceeded the bid threshold. Cromwell did not obtain an independent appraisal on the truck, claiming the truck was well maintained because he personally knew the previous owner; however, the owner provided no maintenance records to support this claim. Investigators obtained an estimate on the value of the truck at the time of purchase and determined the truck was worth approximately \$9,000. Investigators also obtained department records related to the truck and found that the department spent approximately \$1,523 on necessary repairs to the truck after purchasing it. As a result, Cromwell overpaid approximately \$6,170 for the truck.

On July 18, 2022, the Hardin County Grand Jury indicted Steven Cromwell for one count of Forgery and one count of Destruction of and Tampering with Governmental Records.

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.

[Hardin County Highway Department Investigative Exhibit](#)

## INTERNAL CONTROL DEFICIENCY

Our investigation revealed a deficiency in internal control, which contributed to Cromwell's ability to perpetrate his fraudulent transactions without prompt detection. The deficiency is noted below:

**Deficiency: The Hardin County Road Commission Board failed to provide adequate oversight**

The Hardin County Road Commission Board failed to adequately review department payables. The board is responsible for overseeing the department's budget, and each month approves the aggregate expenditure amount for all invoices. However, invoices should be itemized and reviewed when approving the monthly expenditures. As a result, Cromwell was able to process payments for invoices that were falsified, as well as invoices for work performed on private property without detection.

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

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