



## COMPTROLLER'S INVESTIGATIVE REPORT

### West Knox Utility District

*June 15, 2022*

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



**DIVISION OF INVESTIGATIONS**



JASON E. MUMPOWER  
*Comptroller*

June 15, 2022

West Knox Utility District  
General Manager Drexel Heidel  
and Board of Commissioners  
2328 Lovell Rd  
Knoxville, TN 37932

West Knox Utility District Officials:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the West Knox Utility 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 6<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

## West Knox Utility District

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the West Knox Utility District. The Comptroller's Office initiated the investigation after West Knox Utility District officials identified and reported questionable payroll transactions. The investigation was limited to selected records for the period January 2018 through June 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 6<sup>th</sup> Judicial District.

### BACKGROUND



The West Knox Utility District (WKUD) was created under the authority of Title 7, Chapter 82 of the Utility District Law of the State of Tennessee and began operating on October 18, 1954. WKUD and its approximately 84 employees serve over 27,000 water and wastewater customers. WKUD is governed by a board of commissioners composed of three citizens who reside in or are customers of the district. Board members are appointed by the Knox County Mayor for a term of four years. The Board meets monthly, and all meetings are open to the public.

WKUD converted from a traditional annual leave/sick leave policy to a paid time off (PTO) leave policy in 2015. After 2015, all eligible employees accrued PTO each pay period. PTO could be used for vacation leave, sick leave, or personal days. No employees were to accrue additional sick leave after the transition in 2015. Any employee who had a sick leave balance at the time of the transition was allowed to keep their balance and use those sick leave hours for traditional sick leave purposes, with some restrictions. WKUD's Comptroller was responsible for all payroll and leave functions.

### RESULTS OF INVESTIGATION

- **FORMER WKUD COMPTROLLER KIM GREEN MADE IMPROPER ADJUSTMENTS TO HER OWN AND OTHER EMPLOYEES' LEAVE BALANCES**

Former WKUD Comptroller Kim Green made unauthorized adjustments to her own and other employees' leave balances. These adjustments were made without management's approval or knowledge and included the following:

**A. Green made unauthorized adjustments to her own PTO balance**

During the period reviewed, Green made unauthorized adjustments to her own PTO leave balance, increasing her balance by at least 227 hours. [Refer to Table 1.] The value of leave based on Green's terminal pay rate was \$10,258.

**Table 1**

<b>Unauthorized Adjustments to Kim Green's PTO Leave</b>	
<b>Hours</b>	
<b>Pay Period Ending</b>	<b>Adjustment</b>
July 20, 2018	5.00
November 2, 2018	(3.85)
November 9, 2018	38.85
May 10, 2019	16.00
June 14, 2019	16.00
April 24, 2020	20.00
May 22, 2020	30.00
June 19, 2020	10.00
August 7, 2020	16.00
August 21, 2020	10.00
August 28, 2020	8.00
September 11, 2020	21.00
March 26, 2021	10.00
April 16, 2021	10.00
May 14, 2021	12.00
June 4, 2021	8.00
<b>Total Unauthorized Hours</b>	<b>227.00</b>

**B. Green made unauthorized adjustments to her own sick leave balance**

Green made unauthorized adjustments to her own sick leave balance, increasing her balance by at least 85.87 hours. [Refer to Table 2.] Although employees who had a sick leave balance when the policy transitioned were permitted to keep their balance, the new policy did not allow employees to accrue additional sick leave. Green redeemed her unauthorized sick leave hours in 2020, at a cost of \$3,756 based on her rate of pay at the time of redemption.

**Table 2**

<b>Unauthorized Adjustments to Kim Green’s Sick Leave Hours</b>	
<b>Pay Period Ending</b>	<b>Adjustment</b>
December 21, 2018	2.00
February 7, 2020	63.00
March 19, 2020	20.87
<b>Total Unauthorized Hours</b>	<b>85.87</b>

**C. Green made unauthorized adjustments to other employees’ leave balances**

Green made unauthorized PTO and sick leave balance adjustments to at least 9 other current and former employees’ balances, which could have resulted in a cost to the district of approximately \$27,240. Some employees told investigators they neither requested nor were aware of the adjustments to their leave balances. District officials met with current employees to determine the legitimacy of these adjustments and adjusted leave balances to properly reflect authorized balances, thereby mitigating the effect of Green’s improper actions.

The WKUD terminated Green’s employment on July 20, 2021. The WKUD used Green’s terminal PTO leave balance to recover the unauthorized PTO (\$10,258) and sick leave (\$3,756) hours she had improperly given herself.

On May 19, 2022, the Knox County Grand Jury indicted Kimberly Green on one count of Computer Crimes, one count of Forgery, and two 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.

[West Knox Utility District Investigation Exhibit](#)

**INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES**

Our investigation revealed deficiencies in internal controls and compliance, some of which allowed Green to make unauthorized adjustments to leave balances without prompt detection. These deficiencies included:

**Deficiency 1: Lack of separation of financial duties**

District officials did not separate financial duties. The Comptroller had the ability to initiate, complete, and record leave adjustments without any oversight or approval. Separating financial duties reduces the risks that errors or misappropriations will remain undetected.

**Deficiency 2: Lack of adequate management oversight**

District officials did not provide adequate oversight and failed to ensure leave policies were properly administered, including ensuring that:

1. Leave adjustments were appropriate and adequate documentation for each adjustment was required, recorded, and retained.
2. Employees were only permitted to carryover unused PTO leave not exceeding 320 hours at fiscal year-end.
3. Employees were permitted to use sick leave bank leave only within policy guidelines.

To adequately perform their responsibilities, officials should implement and enforce all provisions of approved policies. Providing adequate oversight reduces the risks that errors or misappropriations will remain undetected.

WKUD officials indicated that they have corrected or intend to correct these deficiencies.

---