



COMPTROLLER'S INVESTIGATIVE REPORT

Knox County Rescue

December 21, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

December 21, 2023

Knox County Rescue Board Members
512 North Chilhowee Drive
Knoxville, TN 37924

Knox County Rescue Board Members:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the Knox County Rescue, 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 6th 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 light blue circular stamp.

Jason E. Mumpower
Comptroller of the Treasury

JEM/MLC

INVESTIGATIVE REPORT

Knox County Rescue

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to Knox County Rescue. The investigation was initiated after Knox County officials identified and reported allegations of malfeasance. The investigation was limited to selected records for the period January 2018 through April 2023. The results of the investigation were communicated with the Office of the District Attorney General of the 6th Judicial District.

BACKGROUND



Knox County Rescue (KCR), formerly known as Knoxville Volunteer Emergency Rescue Squad, was initially chartered by the State of Tennessee in 1958. KCR is a nonprofit corporation whose mission is to render aid to persons in distress, administer first aid, and perform missions for the rescue of human beings who are in distress. KCR is primarily funded by contributions from Knox County government.

Former KCR financial administrative assistant, Charlotte McLawhorn, was responsible for KCR's bookkeeping and financial reporting from December 2017 until April 6, 2023, when she left KCR for alternate employment.

RESULTS OF INVESTIGATION

1. CHARLOTTE MCLAWHORN MISAPPROPRIATED KCR FUNDS TOTALING AT LEAST \$44,020.31

For the period September 5, 2020, through April 20, 2023, McLawhorn used KCR bank account funds and credit cards to make unauthorized personal purchases totaling at least \$44,020.31, as follows:

- A. McLawhorn used her assigned KCR credit card for unauthorized personal purchases totaling \$24,550.30. These purchases were not for any lawful purpose or benefit to KCR and included airline tickets, salon expenses, medical bills, vacation rentals, and retail shopping for her personal use and benefit. **(Refer to Exhibit 1).**

Exhibit 1

Posting Date	Transaction Date	Description	Reference Number	Amount
01/03	01/03	PAYMENT - ELECTRONIC		- 2,175.21
		TOTAL PAYMENTS AND OTHER CREDITS FOR THIS PERIOD		-\$2,202.46
		Purchases and Other Charges		
12/23	12/22	WF*FARRAGUTMODDENTIS FARRAGUT TN		347.00
12/26	12/24	LANGE ANIMAL HOSPITAL KNOXVILLE TN		307.87
01/06	01/05	PIZZA INN KNOXVILLE TN		30.55
01/06	01/05	KNOXVILLE UTILITIES BO 8655947331 TN		143.39
01/06	01/05	WALGREENS #7760 FARRAGUT TN		64.34
01/09	01/04	PAYPAL *AIRBNB HMYJ5 4029357733 CA		217.56
		Arr: 01/04/23 Dep: 01/04/23 Inv: 0096374654		
01/09	01/06	TARGET 00023317 SAVANNAH GA		159.09
01/12	01/11	WAL-MART #2932 KNOXVILLE TN		174.58
01/16	01/13	KROGER #686 FARRAGUT TN		55.53
01/16	01/13	USPS PO 4746300933 KNOXVILLE TN		13.45
01/16	01/15	AMZN MKTP US*9863T9EA3 AMZN.COM/BILLWA		230.89
01/17	01/17	AMZN MKTP US*N585F4T23 AMZN.COM/BILLWA		89.20
01/20	01/19	LENOIR CITY UTILITY BO 8446875282 TN		204.07
01/20	01/19	MDC*FIRST UTILITY DIST KNOXVILLE TN		125.60
		TOTAL PURCHASES AND OTHER CHARGES FOR THIS PERIOD		\$2,957.13

Examples of McLawhorn's personal purchases using her KCR credit card

McLawhorn was also responsible for canceling and disposing of employees' assigned credit cards when they were surrendered by employees due to separation or change in position. Instead of canceling and disposing of the credit cards, McLawhorn kept possession of three former employees' credit cards, which contained the names of those individuals, and used them to make unauthorized personal purchases totaling at least \$17,370.74. The purchases went undetected due to McLawhorn having sole and exclusive access to the credit card accounts and paying the credit card invoices electronically using the KCR bank account.

- B. McLawhorn knowingly used KCR's Amazon online account to make five unauthorized personal purchases totaling \$2,099.27, which were delivered to her home address. The purchases were of no benefit to KCR and included a cargo bag for her vehicle, a computer, kitchen items, and flavored water for her personal use and benefit.

Summary of Misappropriation by Charlotte McLawhorn		
A. Credit Cards		
	Card 9018 - McLawhorn	\$ 24,550.30
	Card 3277 - Employee 1	\$ 15,321.77
	Card 0905 - Employee 2	\$ 1,680.94
	Card 6813 - Employee 3	\$ 368.03
B. Amazon Purchases		\$ 2,099.27
Total Misappropriation		\$ 44,020.31

2. MCLAWHORN MADE AT LEAST 62 FALSE ENTRIES INTO KCR ACCOUNTING SOFTWARE

During the period of the misappropriation, McLawhorn accessed and made at least 62 false entries into KCR’s accounting software, to conceal her unauthorized personal purchases on KCR credit cards from KCR and Knox County officials. KCR uses computerized accounting software to generate financial reports that are presented to the Knox County government for reimbursement of KCR expenditures. McLawhorn was responsible for accessing and making disbursement description entries into the accounting software and preparing reports. The following table includes examples of these false entries:

Examples of False Accounting Software Entries		
Amount	False Accounting Software Description	Credit Card Statement Description
\$ 204.35	Quality Inn - Lodging	Vera Bradley
\$ 228.00	GFL - roll off dumpster	Amanda Maddox Salon
\$ 101.70	Amazon - Toner imaging tray	Surfit USA Sarasota FL
\$ 135.73	Amazon - label supplies	Marshalls
\$ 199.89	Auto Zone - Battery	Amazon

3. INVESTIGATORS IDENTIFIED OTHER QUESTIONABLE KCR CREDIT CARD TRANSACTIONS TOTALING AT LEAST \$9,325.29

In addition to McLawhorn’s misappropriation, investigators identified other questionable KCR credit card transactions totaling at least \$9,325.29, during the same period. These questionable transactions were made either on McLawhorn’s assigned KCR credit card or that of a former employee who surrendered their credit card to McLawhorn upon their resignation. McLawhorn was in possession of the surrendered credit cards that incurred these questionable transactions and was responsible for reconciling all credit card and bank statements to KCR accounting records for the questioned period. These transactions lacked proper documentation in the form of invoices or receipts. Therefore, investigators were unable to determine whether the transactions were exclusively for KCR’s benefit. McLawhorn told investigators these transactions were not incurred by her or that the transactions were KCR related expenses; however, she did not provide proper documentation to explain or justify the same. The lack of documentation weakens controls over the purchasing process, increases the risk of erroneously paying for something not received or not for the exclusive benefit of KCR, and does not allow KCR to verify that payments are proper and reasonable.

4. INVESTIGATORS IDENTIFIED QUESTIONABLE FUEL PURCHASES TOTALING AT LEAST \$2,735.90

Investigators identified questionable out-of-state and local fuel purchases totaling at least \$2,735.90 in KCR employees' fuel card records and could not identify the purpose of these purchases. KCR employees used fuel cards for fuel purchases on their KCR assigned vehicles. The fuel cards were managed by McLawhorn and were intended to be assigned to each KCR vehicle; however, the cards were haphazardly assigned, and investigators could not determine the identity of the user of each fuel card at the time of the questionable purchases. KCR should assign fuel cards by vehicle, ensure employees enter accurate odometer readings at each fuel purchase, and reconcile fuel purchases monthly using miles-per-gallon calculations to reduce the risk of fuel being misused or misappropriated.

On December 14, 2023, the Knox County Grand Jury indicted Charlotte McLawhorn on one count of Theft of Property over \$10,000, two counts of Fraudulent use of credit cards over \$10,000, one count of Fraudulent use of credit cards over \$1,000, one count of Fraudulent use of credit cards less than \$1,000, one Count of Tennessee Computer Crimes Act Violations over \$10,000, and one count of Forgery over \$10,000.

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.

[Knox County Rescue Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed deficiencies in internal controls, some of which contributed to McLawhorn's misappropriation of KCR funds without prompt detection. These deficiencies included:

Deficiency 1: KCR officials did not adequately segregate financial duties

KCR officials did not adequately segregate financial duties among its employees. McLawhorn was responsible for maintaining accounting records and was also involved in collecting, depositing, and disbursing funds. Investigators noted that she was the sole reviewer of KCR bank and credit card statements during the period of the misappropriation, which allowed her misappropriation scheme to be concealed and remain undetected. Allowing one individual to have exclusive control over all financial duties increases the risk that fraud, waste, or abuse will occur without prompt detection.

Deficiency 2: KCR officials did not provide adequate oversight over the use of the KCR credit card and purchasing procedures

KCR officials failed to provide adequate oversight over the use of the KCR credit card and purchasing procedures. Investigators noted the following deficiencies:

1. KCR officials did not maintain proper purchasing documentation, including invoices, receipts, and credit card statements, to support all purchases.
2. KCR officials did not require that purchase orders be submitted by employees and approved by officials before making purchases. Purchase orders are necessary to control who has purchasing authority and to document purchasing commitments. The failure to require and issue purchase orders increases the risk of unauthorized purchases.
3. KCR officials did not require credit card purchases to be reconciled with monthly credit card or bank statements. There were inadequate controls over the use of credit cards. Employees who use the credit cards usually turned in receipts for purchases; however, investigators noted that administrative staff did not match or compare these receipts to the monthly credit card statement or review the charges for appropriateness before paying the bill. In addition, credit card payments were not reconciled to bank statements to ensure all credit card statements were fully accounted for. This greatly increases the risk that unauthorized or personal purchases can be made on a credit card without detection.

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