



COMPTROLLER'S INVESTIGATIVE REPORT

South Central Human Resource Agency

May 31, 2023

Jason E. Mumpower
Comptroller of the Treasury



DIVISION OF INVESTIGATIONS



JASON E. MUMPOWER
Comptroller

May 31, 2023

South Central Human Resource Agency
1437 Winchester Highway
Fayetteville, TN 37334

and

South Central Tennessee Development District
101 Sam Watkins Boulevard
Mount Pleasant, TN 38474

South Central Human Resource Agency Management:

The Office of the Comptroller of the Treasury conducted an investigation of selected records of the South Central Human Resource Agency, 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 17th 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

South Central Human Resource Agency

The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the South Central Human Resource Agency. This investigation was initiated after the Comptroller’s Office received allegations resulting from a routine monitoring of program expenses by the Workforce Innovation and Opportunity Act compliance staff who identified possible fraud through the Youth Service program. The investigation was limited to selected records for the period from May 6, 2019, through November 12, 2021. The results of the investigation were communicated with the Office of the District Attorney General of the 17th Judicial District.

BACKGROUND



The South Central Human Resource Agency (SCHRA) was created July 11, 1973, and chartered as a public, non-profit corporation on February 19, 1975. The SCHRA’s goal is to promote the development of human resources in south central Tennessee. The SCHRA was selected by the South Central Tennessee Development District (SCTDD) as a subrecipient of a grant that was awarded by the Tennessee Department of Labor and Workforce Development (LWD).

The SCTDD is an association of 35 municipal and 13 county governments in southern middle Tennessee organized to advocate for and promote economic and community development within the region. The SCTDD contracts with the SCHRA as the Career Service Provider (CSP), One Stop Operator (OSO), and the Youth Service Provider for this funding from LWD. The Workforce Innovation and Opportunity Act (WIOA) program is one of the programs the SCHRA administers as a part of this relationship. As part of the WIOA program, the Work Experience (WEX) program provides paid work experience to eligible participants with employability struggles. The work training can occur within public or private sector worksites that have entered into an agreement with the SCHRA/American Job Centers (AJC). Participants may work up to 40 hours per week and are paid through the SCHRA’s payroll system.

RESULTS OF INVESTIGATION

FORMER OSO PROGRAM MANAGER JENNIFER HENRY AND WEX PROGRAM PARTICIPANTS KANI JOHNSON, MAKAYLA LEAKE, AND DUSTIN SIMMONS MISAPPROPRIATED GRANT FUNDS TOTALING \$117,024

From May 6, 2019, through November 12, 2021, former OSO Program manager Jennifer Henry (Henry) employed a scheme that enabled her son, Kani Johnson (Johnson), Makayla Leake (Leake), and Dustin Simmons (Simmons) to misappropriate \$117,024 in LWD grant funds while participating in the WEX program. Henry aided Johnson, Leake, and Simmons to obtain funds by representing that all three were gainfully employed by actual businesses operating in compliance with program guidelines. Such representations were, in fact, untrue.

At Henry's direction, a CSP at the Bedford County AJC in Shelbyville signed and approved timesheets that were sent via email by Henry for Johnson, Leake, and Simmons (**Refer to Exhibit 1**). The CSP failed to properly review the timesheets or determine whether the timesheets were legitimate before approval and submission for payment. It appeared that Henry fabricated the timesheets for Johnson, Leake, and Simmons. Investigators noted that signatures for all three participants appeared to be photocopies and did not change between time periods.

Exhibit 1

WIOA USE ONLY:

SCHRA **WIOA Work Experience Time Sheet** AmericanJobCenter State ID: 3446862

*must be accompanied by SCANS form

Participant: Kani Johnson SSN (last 4 digits): 3724

Mailing Address: [REDACTED] CHECK IF NEW ADDRESS

Payroll Period: FROM 11-15-20 TO 11-28-20 Worksite: Quality Promotions

Figure to nearest QUARTER HOUR increment

Date	Time In	LUNCH		Time Out	Total Hours Worked	Comments
		Time Out	Time In			
11-16	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-17	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-18	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-19	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-20	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
Week 1 Total:					40	<small>*Must not exceed 40 hours</small>
11-23	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-24	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-25	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-27	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
11-28	8:00 AM	12:00 PM	1:00 PM	5:00 PM	8	
Week 2 Total:					40	<small>*Must not exceed 40 hours</small>

WAGES ARE NOT REPORTABLE FOR UNEMPLOYMENT INSURANCE PURPOSES

80 x \$ 15.00 = \$ 1,200.00

Total Hours Worked WIOA OFFICE USE ONLY

Employer Taxes 97.40 Total Billable Salary \$ 1297.40

Participant Signature / Date: [Signature] 11-28-20 Supervisor Signature / Date: [Signature] 11-28-20

I have checked all amounts, dates, time and totals for completeness before submitting for entry and I have entered a Case Note

Date: 11-30-20

updated 9/16/20

Approval signed and dated by the CSP

I have checked all amounts, dates, time and totals for completeness before submitting for entry and I have entered a Case Note

Date: 11-30-20

Example of Johnson's timesheet approved by the CSP at the Bedford County AJC.

Henry falsified documentation representing that Johnson and Leake participated in the WEX program by working for Quality Promotion Team (QPT), a music promotions company owned by Johnson. Simmons claimed to work for Express HR, a company that purportedly managed the timekeeping/human resource functions for QPT during the time QPT participated in the same WEX program. QPT is a legitimate business registered with the Tennessee Secretary of State, but filings for Express HR could not be found. Investigators determined that QPT had no identifiable work product other than one event in January 2020, and found no proof that Express HR was a legitimate operating business. Investigators also determined that both businesses used false addresses. The addresses provided for QPT and Express HR were P.O. Boxes that were either not rented by anyone associated with those businesses or were non-existent.

Investigators determined that Johnson, Leake, and Simmons misappropriated the following amounts from the WEX program:

- A. Johnson claimed to have worked with QPT through the WEX program from December 23, 2019, to October 15, 2021. Based on falsified timesheets provided by Henry, he reported 3,240 hours worked to the SCHRA and was unlawfully paid \$46,920.

Johnson previously participated in the WEX program beginning in May 2019. According to SCHRA documents, he claimed to have worked an additional 400 hours for a local internet service provider between May 6, 2019, and July 12, 2019, and was paid \$6,000. Investigators contacted the local internet service provider to verify Johnson's employment; however, the local internet service provider had no record of employment for Johnson, the individual listed as his supervisor, or the worksite address. Investigators discovered that the address given for the local internet service provider on the agreement was an abandoned property located on the square in Lewisburg (**Refer to Exhibit 2**).

Exhibit 2



Local internet service provider address, an abandoned property, Johnson listed on his worksite agreement in 2019.

- B. Leake claimed to have worked with the QPT through the WEX program from September 6, 2020, through November 12, 2021. Based on falsified timesheets provided by Henry, Leake reported 2,440 hours worked for QPT to the SCHRA and was unlawfully paid \$35,400.
- C. Simmons participated in the WEX program from October 4, 2020, through November 12, 2021, and falsely claimed to have worked 2,288 hours for Express HR and was unlawfully paid \$28,704. Investigators discovered that Simmons attended classes at Middle Tennessee State University (MTSU) during the spring semester of 2021 while simultaneously reporting hours worked for Express HR to the SCHRA. Simmons reported work hours for Express HR under the WEX program from 10AM to 7PM every day, Monday through Friday. The class times for three of the four courses Simmons was enrolled in at MTSU coincided and conflicted with the hours Simmons reported as worked at Express HR to the SCHRA.

	Misappropriated Amounts for Each Person	Amount
A.	Gross Payroll to Kani Johnson	\$ 52,920.00
B.	Gross Payroll to Makayla Leake	35,400.00
C.	Gross Payroll to Dustin Simmons	28,704.00
Total Misappropriation		\$ 117,024.00

Jennifer Henry’s SCHRA employment was terminated on November 23, 2021.

On May 16, 2023, the Lincoln County Grand Jury indicted Jennifer Henry for two counts of Theft of Property over \$60,000, two counts of Forgery over \$60,000, one count of Criminal Simulation over \$60,000, two counts of Tampering with Government Records, and one count of Official Misconduct.

On May 16, 2023, the Lincoln County Grand Jury indicted Kani Johnson for two counts of Theft of Property over \$60,000, two counts of Forgery over \$60,000, one count of Criminal Simulation over \$60,000, and one count of Tampering with Government Records.

On May 16, 2023, the Lincoln County Grand Jury indicted Makayla Leake for two counts of Theft of Property over \$60,000, two counts of Forgery over \$60,000, one count of Criminal Simulation over \$60,000, and one count of Tampering with Government Records.

On May 16, 2023, the Lincoln County Grand Jury indicted Dustin Simmons for two counts of Theft of Property over \$60,000, two counts of Forgery over \$60,000, one count of Criminal Simulation over \$60,000, one count of Tampering with Government Records.

The charges and allegations contained in the indictment are merely accusations of criminal conduct, and not evidence. The defendants are presumed innocent unless and until proven guilty beyond a reasonable doubt and convicted through due process of law.

[South Central Human Resource Agency Investigative Exhibit](#)

INTERNAL CONTROL AND COMPLIANCE DEFICIENCIES

Our investigation revealed a deficiency in internal controls and compliance, which contributed to Henry’s ability to perpetrate her misappropriation without prompt detection.

Deficiency: The CSP for SCHRA failed to provide oversight of time and attendance records for WEX participants

The CSP's role for SCHRA regarding the WEX program is to contact worksites to determine interest in the program, visit worksites as needed, verify timesheets before submission for payment, and correspond with worksite supervisors. After the verification of timesheets for participants in the WEX program, timesheets and related documents are forwarded for payment. Our investigation determined the CSP, under the direction of Henry, failed to provide oversight and proper verification for the participants of the WEX program. By overriding SCHRA's internal controls to verify participants' work, the CSP allowed Henry's scheme to go undetected.

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